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Official Statement

Redevelopment Agency of THE CITY OF SUNNYVALE Santa Clara County, California

\$16,800,000

no slip

CENTRAL CORE REDEVELOPMENT PROJECT

1977 BONDS

Bids to be received on behalf of the Redevelopment Agency of the City of Sunnyvale at the offices of Stone and Youngberg Municipal Financing Consultants, Inc., Suite 2750, One California Street, San Francisco, California 94111, at 11:00 A.M., Tuesday, April 19, 1977.

REDEVELOPMENT AGENCY OF THE CITY OF SUNNYVALE

Santa Clara County, California

City Council and Members of the Agency

Donald S. Logan, *Mayor and Agency Chairman*

Dianne McKenna
Dolowries Wulfhorst
Harry Cude

Gregory K. Morris
Gilbert R. Gunn
Lawrence E. Stone

City and Agency Staff

Lee S. Ayres, *City Manager, City Clerk and Executive Director of the Agency*

James A. Hildebrand,
City Attorney

E. O. Coli, C.P.A.,
Finance Director and Treasurer of the Agency

Gordon R. Miller,
Director of Community Development

Donald M. Somers,
Director of Public Works

Special Services

Orrick, Herrington, Rowley & Sutcliffe, *San Francisco*

Bond Counsel and Agency General Counsel

[Stone & Youngberg Municipal Financing Consultants, Inc., *San Francisco*

Financing Consultants

Bank of America N.T. & S.A., *San Francisco*

Trustee/Fiscal Agent

The First National Bank of Chicago, *Chicago*

Citibank, N.A., *New York*

Paying Agents

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THE DATE OF THIS OFFICIAL STATEMENT IS MARCH 29, 1977

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March 29, 1977

TO WHOM IT MAY CONCERN:

The purpose of this Official Statement is to supply information to prospective bidders on and buyers of \$16,800,000 Redevelopment Agency of the City of Sunnyvale Central Core Redevelopment Project 1977 Bonds (the "Bonds"), authorized and issued for the purpose of assisting in the financing of said Project, paying of expenses in connection with issuance, and providing reserve funds as additional security for said Bonds.

The material contained in this Official Statement was prepared by Stone & Youngberg Municipal Financing Consultants, Inc., in the capacity of financing consultant to the Redevelopment Agency of the City of Sunnyvale with regard to the Central Core Redevelopment Project 1977 Bonds. (Such firm will receive compensation from the Agency contingent upon the sale and delivery of the Bonds.) Summaries herein presented of the Resolution of Issuance, the Community Redevelopment Law, the Redevelopment Plan for said Project, other documents or agreements pertaining to the Project, and financial and economic data do not purport to be complete, and reference is made to the documents on file in the office of the Agency for further information. Statements which involve estimates or opinions, whether or not expressly so described herein, are intended solely as such and are not to be construed as factual reports.

The Official Statement does not constitute a contract with buyers or holders, from time to time, of the Bonds. The Resolution of Issuance, which does constitute such a contract, accompanies the Official Statement as originally distributed and is available to any prospective bidder on request from the Agency.

A legal opinion approving the validity of the Bonds will be furnished by Orrick, Herrington, Rowley & Sutcliffe, San Francisco, California, Bond Counsel and Special Counsel to the Agency. (Said Counsel will receive compensation from the Agency contingent upon the sale and delivery of the Bonds.)

No dealer, broker, salesman or other person has been authorized by the Agency to give any information or to make any representations other than those contained herein and, if given or made, such other information or representation must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of any offer to buy nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The execution and distribution of this Official Statement have been duly authorized by the Agency.

Redevelopment Agency of The City of Sunnyvale

/s/


LEE S. AYRES

Executive Director

/s/

DONALD S. LOGAN

Chairman

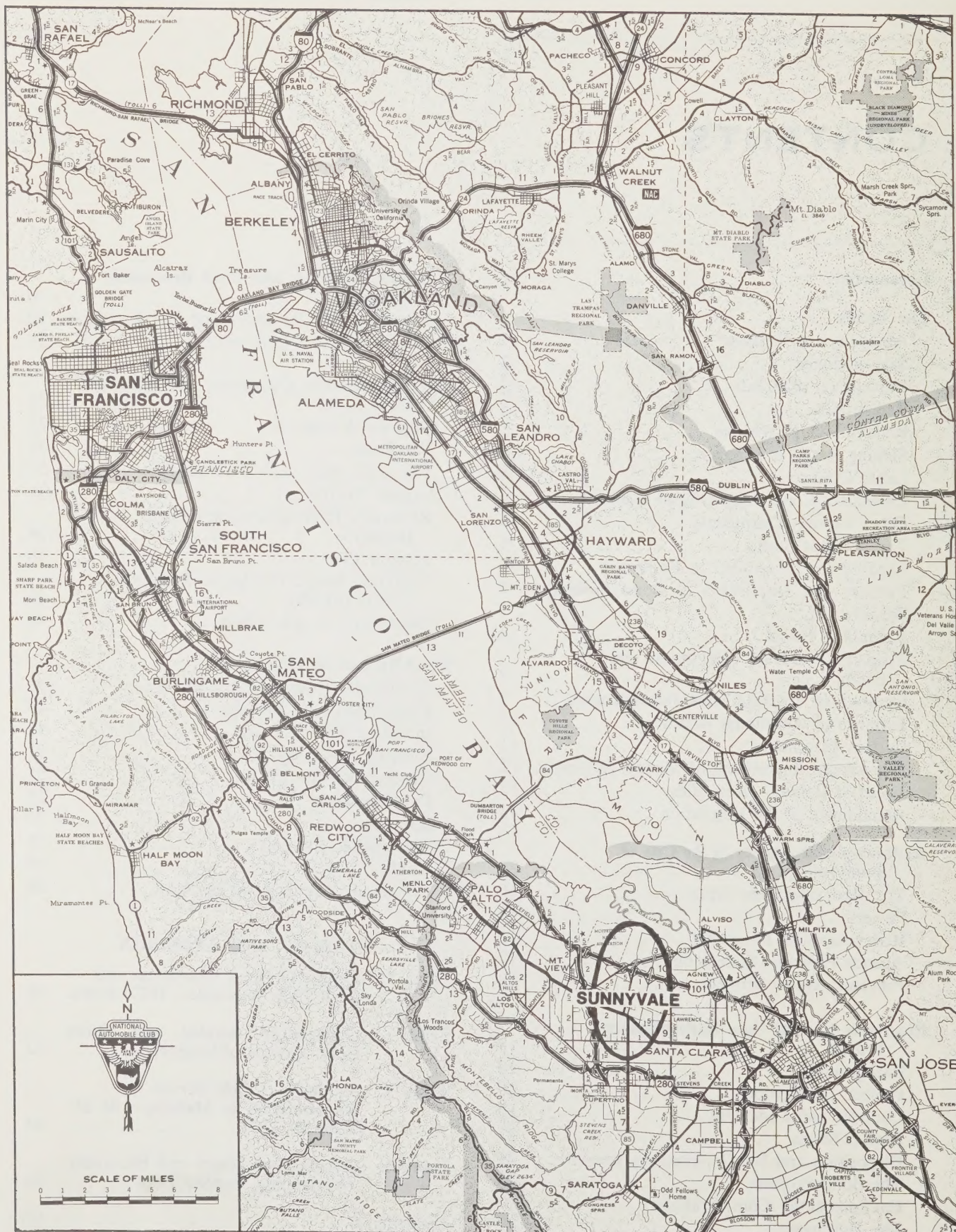


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Vicinity map showing the location of Sunnyvale in relation to other communities in the San Francisco Bay Area.

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INTRODUCTION

The Constitution and laws of the State of California recognize the vital need for the elimination and rehabilitation of deteriorating urban areas in the state through conservation and redevelopment efforts, and provide an effective means of accomplishing these objectives. Under the provisions of the Community Redevelopment Law (California Health & Safety Code, Section 33000 et seq.), communities containing areas subject to economic and social deterioration may remedy these conditions by activating a redevelopment agency, which has the power to designate specific areas for redevelopment, prepare plans for redevelopment of the designated areas, and carry out the approved plans.

Financing of redevelopment projects in California may be provided through the incurrence of various forms of indebtedness by an agency. These types of obligations may be payable from property taxes collected from within a project upon the increase in assessed valuation which has resulted from redevelopment and/or from other authorized sources of funds, as more fully described in this official statement. The local community may also advance funds to the redevelopment agency to help meet project costs, in which event, the advances may be repaid from such increased taxes.

In November of 1957 the Sunnyvale City Council determined that there was a need for redevelopment of portions of the city, and by resolution activated the Redevelopment Agency of the City of Sunnyvale (the "Agency"), which is a public entity separate and apart from the city. The City Council declared itself to be the Agency.

The Sunnyvale Central Core Redevelopment Project, for which the Redevelopment Plan was adopted on November 26, 1975, consists of about 184 acres in the city's central business district.

The \$16,800,000 principal amount of 1977 Bonds currently offered for sale on behalf of the Sunnyvale

Central Core Redevelopment Project (the "Project") will be used, together with net proceeds from the sale on April 19, 1977 of \$11,200,000 Series A Parking Lease Revenue Bonds of the Agency (which are the subject of a separate official statement), for acquisition of property for redevelopment, acquisition and relocation expenses, demolition costs, construction of public improvements, funding of the first 24 months' interest on the Bonds plus an additional amount equal to 12 months' interest on \$13,300,000 principal amount of Bonds, establishment of a Bond reserve, and related administrative and financing expenses, as more fully discussed in the section of this official statement entitled "Sunnyvale Central Core Redevelopment Project."

The major development presently scheduled for the Project area is the Sunnyvale TownCenter regional shopping center which is being developed by a partnership consisting of Ernest W. Hahn, Inc., and STC Properties Corp. (a wholly owned subsidiary of R. H. Macy & Co., Inc.) as general partners, and R. H. Macy & Co., Inc. as a limited partner (the "Developer"). Under the terms of the Disposition and Development Agreement between Developer and the Agency dated June 23, 1976, as presently proposed to be amended, the Agency will convey to the Developer the site for the center, while the Developer agrees to build a regional shopping center of no less than 580,000 gross square feet. The Agency agrees to construct not less than 3,395 parking spaces. The shopping center will be a fully enclosed two-level mall planned for three department stores (Macy's, Ward's and a third to be named, if obtainable) and approximately 100 specialty stores.

As of the date of this official statement, the Developer is negotiating final terms of a Construction, Operation and Reciprocal Easement Agreement ("R.E.A.") with Macy's and Ward's, and expects that such document will be approved, signed and in escrow by September 30, 1977. Draft copies of the R.E.A. have been circulated and approved in principle, with certain noted exceptions. The exceptions are not considered material or substantive, and are the subject of current negotiations. Both Macy's and Ward's have approved the concept of the Sunnyvale TownCenter, and have signified their intention to locate in the center, subject to approval of the R.E.A. and the satisfaction of other conditions precedent. The R.E.A. will be amended to include the third major department store when the latter tenant is selected.

Ernest W. Hahn, Inc. presently maintains an equity interest in 15 regional shopping centers which it also manages, including three within redevelopment projects in California. This firm also has nine centers under construction and an additional 17 are planned. The Hahn organization is one of the largest shopping center developers in the nation. R. H. Macy & Co., Inc. is one of the country's largest retailing firms, operating 75 Macy's stores in 10 states, along with other retail operations under other names.

Payment of interest and principal on the 1977 Bonds described herein is secured by a first and irrevocable pledge of all property taxes received from increased assessed valuations of the Project over such valuations recorded prior to adoption of the Redevelopment Plan for this Project (defined herein as the Tax Revenues), and all moneys set aside as a debt service reserve, subject, however, to permitted payments of "Surplus" tax increment revenues under the terms and conditions described herein and in the Resolution of the Agency providing for the issuance of these bonds.

In addition to Tax Revenues, said bonds are also secured by certain Net Revenues consisting of a \$3,500,000 final payment (pursuant to the aforementioned Disposition and Development Agreement) by the Developer for the shopping center site, to be assembled by the Agency. Of the total \$5,500,000 purchase price, \$2,000,000 will be advanced (in accordance with an amendment to the Agreement between the Developer and the Agency which will have been executed before delivery of the bonds) to the Agency for application towards property acquisition costs in lieu of issuing bonds for such purposes. The \$3,500,000 balance will be paid to the Agency at the time of transfer of title to the Developer (estimated at March 15, 1978) and will be applied to redemption of \$3,500,000 maximum principal amount of bonds on or before May 1, 1980.

Each annual levy of property taxes is made at the then applicable rate, but for the purpose of estimating future Tax Revenues and presenting an estimated bond retirement schedule, the projection of Tax Revenues available for payment of bond interest and Sinking Account deposits is based on a reduction of a portion of the current 1976/77 tax rate applicable to the Project area. At present, property taxes applicable to the Project area are established by the county at \$10.638 per \$100 assessed valuation against all taxable property, and \$6.885

per \$100 assessed valuation against land and improvements only (excludes personal property, such as business inventories). The estimates of Tax Revenues presented in this official statement are based upon a continuation of the \$10.638 tax rate against all property, but forecast a reduction of the rate levied against land and improvements only to \$2.362 per \$100 assessed valuation. Since the Project is now in the preliminary development phase, no incremental assessed valuation has been recorded on the county tax rolls. In fact, a net decline of \$364,575 has been recorded due to the closing of a 64,000 square-foot retail establishment which is to be acquired by the Agency. This reduction has, however, been provided for in the property acquisition program and projection of assessed valuations, since the property is already scheduled for purchase by the Agency.

Payment of bond interest and the making of Sinking Account deposits is contingent upon development of the Sunnyvale TownCenter, and to a lesser extent, the development of peripheral property. Any delays in completion of the shopping center, or any significant portion thereof (e.g., the third major department store, which has not yet been selected), could delay the receipt of Tax Revenues, and therefore impair the security of the Bonds. In order to provide for the timely development of the Project, and to assure that the required payments and deposits will be made for the benefit of the bondholders, the Agency and the Developer have agreed to the schedule of major actions by both parties (in accordance with the aforesaid amendment to the Agreement) presented on page 31 of this official statement. The schedule should not be construed as being inflexible or binding on the parties, but is indicative of the objectives to be attained by the Developer and the Agency in development of the Project as planned.

It is anticipated that the full assessed valuation of both the Sunnyvale TownCenter and a proposed regional banking office will be reflected on the tax rolls by the 1980/81 fiscal year (assuming a lien date for assessment to the owner of record as of March 1, 1980). Although completion of the shopping center is anticipated by October 1, 1979, the later date is used in the interests of a conservative approach. Assuming completion of the described development by March 1, 1980, incremental assessed valuations are estimated at \$13,418,585 in 1980/81, as detailed on page 32 of this official statement. Application of the 1976/77 tax rate of \$10.638 per \$100 assessed valuation

against all property and the projected \$2.362 rate against land and improvements only, will generate an estimated \$1,661,000 in tax revenue beginning in 1980/81. Assuming the aforementioned maximum advance redemption permitted between May 1, 1978 and May 1, 1980, the estimated Tax Revenues will cover estimated maximum annual interest on the Bonds by about 1.28 times and estimated interest and Sinking Account deposits by about 1.30 times. (See Table 1 on page 34). It is anticipated by the Agency that additional development will occur in the Project in future years but no projections of such development or resulting incremental assessed valuation have been made for the above computations.

The city and Agency have prepared a series of projections of Project assessed valuations, Tax Revenues and other revenues, which are presented herein as Appendix I. These projections include the proposed developments discussed above, but also reflect an inflation factor applicable to the entire

Project area, based on historical inflation rates for existing property within the city and on other anticipated revenue sources. On the basis of such projections, Tax Revenues alone are estimated at a minimum of \$178,787 in 1978/79, \$549,577 in 1979/80 and \$1,995,531 in 1980/81 (the first year full development is reflected on the tax rolls and the first year in which interest and Sinking Account requirements are to be made from Tax Revenues). Tax Revenues are projected to continue increasing through 1984/85, the final year of the forecast, when such Revenues are estimated at a minimum of \$3,097,995. These forecasts must be made as part of the city's Planning Programming, Budgeting System (as discussed herein), which requires a projection of all costs and resources for each forthcoming fiscal year and the next following seven years. The forecasts and accompanying memorandum of transmittal presented in Appendix I have been reviewed by the City Council, acting as the Agency, in the process of approving the overall financing plan for the Project.

This Introduction does not purport to present the complete provisions of the bonds now being offered, their terms of sale, documents authorizing their issuance and other relevant data. Reference is hereby made to the Official Statement, Official Notice of Sale, and Resolution No. 157-77 of the Redevelopment Agency of the City of Sunnyvale for a complete recitation of such provisions and information. This Introduction is part of the Official Statement and should be read in conjunction therewith.

THE BONDS

The statements herein concerning the Bonds and the Resolution are summaries of certain provisions thereof. They do not purport to be complete, and are qualified in their entirety by reference to the Resolution, a copy of which accompanies this official statement as originally distributed.

Authority for Issuance

The \$16,800,000 Redevelopment Agency of the City of Sunnyvale Central Core Redevelopment Project 1977 Bonds (hereinafter sometimes referred to as the "Bonds" or the "1977 Bonds"), currently being offered, were authorized pursuant to a resolution of the Redevelopment Agency of the City of Sunnyvale, adopted March 3, 1977, as amended March 29, 1977 (the "Resolution"). The Bonds will be issued under the provisions of, and in full conformity with, the Constitution and laws of the State of California, including the Community Redevelopment Law (commencing with Section 33000 of the California Health and Safety Code—the "Law"), and acts amending or supplementing that Law.

Sale of Bonds

Bids for the purchase of the Bonds will be received on behalf of the Redevelopment Agency of the City of Sunnyvale until 11:00 A.M., Tuesday, April 19, 1977. Details as to the terms and place of sale are included with the Official Notice of Sale, adopted March 29, 1977, a copy of which is included with this official statement as originally distributed.

Description of Bonds

The \$16,800,000 principal amount of 1977 Bonds will be dated as of May 1, 1977, and be issued either in coupon form in denominations of \$5,000 each, numbered 1 through 3,360, or in fully registered form in the denomination of \$5,000 or any multiple thereof. The Bonds all mature on May 1, 2007. Interest is payable semiannually on May 1 and November 1 of each year, except that interest

for the first year will be payable on May 1, 1978. The Bonds, the interest thereon, and any premiums upon the redemption thereof prior to maturity are payable at the San Francisco principal office of the Fiscal Agent, Bank of America N.T. & S.A. (Corporate Agency Division), or at paying agents of the Agency in Chicago, Illinois or New York, New York, at the option of the holder.

Registration

The Bonds will be issued as coupon bonds or as fully registered bonds, at the holders' option, with the privilege of exchange as set forth in the Resolution.

Redemption Provisions

The Bonds are subject to call and redemption as a whole or in part, by lot, at the option of the Agency, from any available source of funds, on May 1, 1993, or on any interest payment date thereafter prior to maturity; provided, however, that not more than \$3,500,000 principal amount of Bonds may be called by lot and redeemed in advance of maturity from any available source of funds on any interest payment date commencing on the first anniversary date of the Bonds and ending on the third anniversary date of said Bonds, at a redemption price equal to the principal amount thereof, plus accrued interest to the redemption date, plus a premium equal to 4 percent of the principal amount of Bonds so called for redemption. Said call for redemption may be made only once during such two-year period. Thereafter, no Bonds shall be subject to call and redemption prior to May 1, 1993, as stated above.

Bonds called for redemption on or after May 1, 1993 shall be redeemed at a redemption price equal to the principal amount thereof, plus accrued interest to the redemption date, plus a premium as shown in the following schedule (computed upon the par value of Bonds called for redemption). Notice of call for redemption shall be given as provided in the Resolution.

REDEMPTION DATES AND PREMIUMS

On or After May 1	and Prior to May 1	Redemption Price
1993	1994	103½ %
1994	1995	103¼
1995	1996	103
1996	1997	102¾
1997	1998	102½
1998	1999	102¼
1999	2000	102
2000	2001	101¾
2001	2002	101½
2002	2003	101¼
2003	2004	101
2004	2005	100¾
2005	2006	100½
2006	2007	100¼

Sinking Account Deposits

In order to provide for payment of the Bonds at or prior to maturity, the Resolution provides that pledged Tax Revenues and Net Revenues (both as hereinafter defined) shall, after making any deposits or payments having a higher priority, be transferred to a Sinking Account to be established with the Fiscal Agent. In the event that any Bonds are called for redemption between their first and third anniversary dates, as discussed above, the annual Sinking Account deposits shall be reduced in the proportion to which the principal amount of Bonds so called for redemption bears to the principal amount of Bonds outstanding immediately prior to such call for redemption. See Table 1 on page 34 hereof for a schedule of adjusted Sinking Account deposits if the permitted advance redemption of \$3,500,000 principal amount of Bonds actually occurs. Such adjusted schedule is also set forth in the Resolution. Subject to the above-mentioned pro rata reduction, the Fiscal Agent is permitted to transfer funds as Surplus to the Agency if the following minimum amounts are available for deposit in the Sinking Account in the following years, and if all prior minimum deposits have been made:

SINKING ACCOUNT DEPOSITS

Year Ending May 1	Principal Amount	Year Ending May 1	Principal Amount
1981 .. \$	310,000	1995 .. \$	570,000
1982 ..	310,000	1996 ..	615,000
1983 ..	310,000	1997 ..	660,000
1984 ..	310,000	1998 ..	710,000
1985 ..	310,000	1999 ..	770,000
1986 ..	310,000	2000 ..	825,000
1987 ..	310,000	2001 ..	890,000
1988 ..	310,000	2002 ..	960,000
1989 ..	310,000	2003 ..	1,035,000
1990 ..	310,000	2004 ..	1,115,000
1991 ..	310,000	2005 ..	1,200,000
1992 ..	330,000	2006 ..	1,295,000
1993 ..	490,000	2007 ..	1,395,000
1994 ..	530,000		

Legal Opinion

The unqualified opinion of Orrick, Herrington, Rowley & Sutcliffe, San Francisco, California, Bond Counsel for the Agency, attesting to the validity of the Bonds, will be supplied free of charge to the purchaser of the Bonds. A copy of the legal opinion, certified by the official in whose office the original is filed, will be printed on each Bond without charge to the successful bidder.

Certificate Concerning Official Statement

At the time of payment for and delivery of the Bonds, the Agency will furnish the successful bidder a certificate, signed by appropriate officers of the Agency and city, acting in their official capacity, to the effect that to the best of their knowledge and belief, and after reasonable investigation, (a) neither the official statement nor any amendment or supplement thereto contains any untrue statement or omits to state any material fact necessary to make the statements therein, in light of the circumstances in which they were made not misleading; (b) since the date of the official statement no event has occurred which should have been set forth in an amendment or supplement to the official statement which has not been set forth in such an amendment or supplement; nor (c) has there been any material adverse change in the operation or financial affairs of the Agency or city since the date of such official statement.

Other Closing Documents

In addition to the opinion of Bond Counsel and the certificate concerning the official statement described above, the Agency will, at the time of delivery of the Bonds, furnish the purchaser the following documents, all to be dated as of the date of delivery:

1. **Arbitrage Certificate.** A certificate of a responsible officer of the Agency that, on the basis of the facts and circumstances in effect at the time of delivery of the Bonds, it is not expected that the proceeds of the Bonds will be used in a manner that will cause the Bonds to be arbitrage bonds (together with an approving opinion of counsel concerning such certificate).

2. **No Litigation Certificate.** A certificate of a responsible officer of the Agency that there is no litigation pending affecting the validity of the Bonds.

3. **Signature Certificates.** Certificates of the respective officers and representatives of the Agency showing that they have signed the Bonds by manual or facsimile signature, and that they were duly authorized to execute the same.

4. **Treasurer's Receipt.** The receipt of the Treasurer of the Agency showing that the purchase price of the Bonds, including accrued interest to the date of delivery (if any), has been received by the Agency.

Tax Exempt Status

In the opinion of Bond Counsel, interest on the Bonds is exempt from present federal income taxes and from State of California personal income taxes under existing statutes, regulations and court decisions.

Legality for Investment in California

The California Community Redevelopment Law provides that debt instruments authorized and issued in the same manner and for the same purposes as the Bonds described herein shall be legal investments for all banks, including trust companies, and various other financial institutions, as well as for trust funds and other public bodies. The Community Redevelopment Law also provides that such debt instruments are authorized security for public deposits.

The Superintendent of Banks of the State of California has previously ruled that debt instruments of a redevelopment agency are, by said statute, legal

investments in California for savings banks. As such, the Bonds would also be legal investments for all trust funds, and for the funds of all insurance companies, commercial banks, trust companies, and any public or private funds which may be invested in county, municipal, or school district bonds. The Bonds may be deposited as security for the performance of any act whenever the bonds of any county or municipality may be so deposited, and may also be used as security for the deposit of public moneys in banks in the state. The Agency has not requested a separate ruling from said Superintendent of Banks as to these Bonds.

Purpose and Disposition of Bond Proceeds

Proceeds of the Bonds are to be used to finance the acquisition of property for redevelopment, acquisition and relocation expenses, costs of demolition and installation of public improvements, administrative expenses, and other costs incidental and related to the Project and its financing. The allocation of Bond proceeds to authorized costs are outlined in tabular form at the conclusion of this sub-section, and are also discussed in the section of this official statement entitled "Sunnyvale Central Core Redevelopment Project."

Under the provisions of the Resolution, the proceeds received from the sale of the Bonds will be applied as follows:

(1) An amount equal to twenty-four months' interest on the Bonds, plus an additional amount equal to twelve months' interest on \$13,300,000 principal amount of Bonds (including accrued interest and premium, if any, received upon the sale of the Bonds) will be deposited with the Fiscal Agent in the Interest Account of the Special Fund (as hereinafter described), established for the 1977 Bonds.

(2) An amount equal to maximum annual interest on the Bonds (the Minimum Reserve) will be deposited with the Fiscal Agent in the Reserve Account of the Special Fund established for the 1977 Bonds.

(3) The balance of the proceeds will be deposited with the Treasurer of the Agency in the Sunnyvale Central Core Redevelopment Project Redevelopment Fund (as hereinafter described), to be expended for the purposes for which the Bonds were issued.

The estimated amount of Bond proceeds to be used for each of the specified purposes (as approved by the Agency) is shown in the following tabulation.

DISPOSITION OF BOND PROCEEDS

Project expenditures	\$11,515,000
Reserve Fund	1,302,000
Capitalized interest (@ 7¾ %)	3,643,000
Provision for discount (5% maximum)	840,000
Costs of issuance (legal, financing, printing, etc.)	200,000
Less: Interest earnings (@ 5% per annum)	(700,000)
Principal Amount of Bonds ..	<u>\$16,800,000</u>

Security

The Bonds are payable from any available funds of the Agency and are secured by a first and exclusive pledge of all Tax Revenues and Net Revenues (both as defined below). The Tax Revenues and Net Revenues are irrevocably pledged to the payment of the Bonds or to the Reserve Account by transfer, so long as any of the Bonds remain outstanding or unprovided for. However, the Resolution provides for discretionary disbursement of a portion of the Tax Revenues (only) to the Agency after certain conditions precedent have been met (see section below entitled "Creation of Funds and Accounts"—"Surplus").

Under the provisions of the California Constitution, the Community Redevelopment Law and the Redevelopment Plan for the Community Redevelopment Project Area, taxes on property in the Project levied by any taxing agency on or after July 1, 1977 (the date on which the allocation of Tax Revenues commences), will be allocated in the following manner commencing May 1, 1977 (the Bond date):

(1) Taxes levied at the prevailing rates each year against an amount equivalent to the recorded 1975/76 assessed valuation of property within the Project (the "frozen base"), will continue to be paid into the funds of the respective taxing agencies.

(2) Taxes derived from increases in the assessed valuation of property within the Project above the frozen base occurring for any reason (the "Tax Revenues") will, in each fiscal year during which any of the Bonds are outstanding,

be deposited in the Special Fund of the Agency, held and administered by the Fiscal Agent for payment of the Bonds.

“Net Revenues” are generally defined in the Resolution as certain proceeds received by the Agency from the disposition of land or other property within the Project, after deduction of expenses in connection with such disposition (but excluding any expenses pertaining to the acquisition of such land or other property).

The Bonds are special obligations of the Redevelopment Agency of the City of Sunnyvale and as such are not a debt of the City of Sunnyvale, the State of California, or any of its political subdivisions. Neither the city, state, nor any of its political subdivisions are liable for their payment. These Bonds do not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction.

The validity of the Bonds is not dependent upon the completion of the Project or upon the performance by anyone of his obligation relative to the Project.

Refunding Bonds

Existing state law provides that refunding bonds may be issued for the purpose of refunding all or any portion of the Bonds then outstanding.

Property Tax Rate Limitations and Exemptions

The California Legislature has enacted legislation intended to limit future increases in ad valorem property tax rates. This legislation generally limits all future general purpose tax rates to that imposed during either the 1971/72 or 1972/73 fiscal year or the rates set by the enabling statute of the particular taxing entity. Tax rate limits may be raised by any amount which is approved by a majority vote of the electorate. Tax rates may also be increased under an inflation or “cost-of-living” formula incorporated in the legislation. This legislation does not restrict tax rates levied for certain limited purposes, e.g., general obligation bonds or for voter approved pension plans.

Certain exemptions from property taxes have been granted to specific classes of property located in California. Revenues lost by local taxing agencies from two of these exemptions (the homeowners’ property tax exemption and the business inventories

exemption, which are discussed under the section “City Financial Data” in this official statement) are reimbursed by the state and are allocated to eligible redevelopment agencies in the same manner as locally collected taxes. Revenues lost as a result of other types of exemptions are not reimbursed, but assessed valuations of such exempt property are not reflected in either the frozen base roll or subsequent years’ rolls. There is no assurance that additional tax rate limitations or exemptions will not be approved, nor is there any assurance that revenues lost will continue to be reimbursed to local taxing agencies or allocated to redevelopment agencies. To the extent that such limitations or exemptions are approved, and reimbursement and allocation of lost revenues are not made, the security of the Bonds could be adversely affected.

Redevelopment agencies in California do not have the power to levy or collect property taxes, but must rely upon the taxes levied on property within a project by other taxing agencies for the production of Tax Revenues. The 1976/77 ad valorem tax rate applicable to all property located within the Project is \$10.638 per \$100 assessed valuation, and \$6.885 applicable to land and improvements only. For purposes of this official statement, it is assumed that the tax rates in subsequent years will be \$10.638 against all taxable property and \$2.362 against land and improvements only (see section hereof entitled “Estimated Revenues and Debt Retirement”).

On December 30, 1976, the Supreme Court of California affirmed a judgment of the Superior Court of California for the County of Los Angeles, holding the California system of financing public elementary and high schools, based on ad valorem taxation invalid under the California Constitution. (*Serrano v. Priest*, Cal. 3rd).

The affirmed Judgment of the Superior Court also provides: (1) that the judgment is not intended to invalidate, and shall not be construed as invalidating in any way, any past acts constituting the operation of the school financing system; (2) that the existing school financing system shall continue to operate for a reasonable length of time (but in no event later than September of 1980) so that a constitutional system can be designed, enacted into law, and placed into operation; (3) that any redesign of the school financing system which provides for elimination of unconstitutional features on a gradual basis must be such that the redesigned school financing system will be fully constitutional no later than six years from date of entry of the

judgment, and that otherwise there will be a denial to the plaintiffs of their constitutional rights for an unreasonable length of time; and (4) that the Trial Court is retaining jurisdiction so that any of the parties may apply for appropriate relief in the event that relevant circumstances develop, such as a failure by the legislative and executive branches to take the necessary steps to design, enact into law, and place into operation, within a reasonable time from entry of the judgment, a fully constitutional system.

To the extent that this decision, and any future legislative or judicial action required to implement or enforce such decision, may limit the ability of schools to continue to levy ad valorem property taxes for the support of education, Tax Revenues will be reduced, adversely affecting the security of the Bonds. The total 1976/77 tax rate for public elementary and high schools within the Project, subject to such decision, is \$4.152 per \$100 assessed valuation.

Creation of Special Funds and Accounts

The Resolution provides for the establishment of funds and Accounts to be held by the Treasurer of the Agency and the Fiscal Agent for the administration and control of the proceeds obtained from sale of the Bonds, other funds allocable to the Project, and from the pledged Tax Revenues and Net Revenues. Specific aspects of these funds and Accounts are described as follows.

The Redevelopment Fund (held by the Treasurer of the Agency)—Moneys deposited in the Sunnyvale Central Core Redevelopment Project Redevelopment Fund from Bond proceeds and any other sources, if required by the Agency, shall be used for the purpose of aiding in financing the Project. All moneys in excess of those required to complete the Project may be retained in the Redevelopment Fund to assist in financing subsequent phases of the Project, if any, or be transferred from the Redevelopment Fund to the Special Fund.

The Special Fund (held by the Fiscal Agent)—Under the provisions of the Resolution, the Agency authorizes and directs the payment of all Tax Revenues received on and after May 1, 1977, directly to the Fiscal Agent for deposit in the Sunnyvale Central Core Redevelopment Project Special Fund. The Agency shall also deposit with the Fiscal Agent in the Special Fund all Net Revenues (as defined herein and in the Resolution).

So long as any of the Bonds are outstanding, moneys in the Special Fund shall be set aside in

the following special accounts and be used in the following order of priority:

(1) *Interest Account.* On or before the last day of April 1978, and the last days of each April and October thereafter, the Fiscal Agent shall set aside from the Special Fund in the Interest Account an amount sufficient, together with any funds then on hand, to pay the aggregate interest on all of the outstanding Bonds on the next succeeding interest payment date. Any funds so set aside shall be applied solely to the payment of interest on the Bonds when due (including accrued interest on any Bonds purchased or redeemed prior to maturity).

(2) *The Reserve Account.* After making the foregoing deposit, the Fiscal Agent shall set aside in the Reserve Account an amount sufficient to maintain the Minimum Reserve (as defined below) in said Reserve Account.

Moneys in the Reserve Account (initially equal to maximum annual interest on the Bonds) shall be withdrawn and used by the Fiscal Agent solely for the purpose of paying the interest on and principal of the Bonds at the time outstanding.

At all times, a Minimum Reserve (an amount initially equal to maximum annual interest due on the Bonds, and increased to equal twice the maximum annual interest due on the Bonds outstanding at any one time from retention in said Account of all interest earnings thereon following completion of the Project) shall be maintained in the Reserve Account. Should the amount in the Reserve Account be less than the required Minimum Reserve, the Fiscal Agent shall restore the balance by transfer of the first available moneys in the Special Fund and the Sinking Account.

(3) *Sinking Account.* The Fiscal Agent shall set aside in the Sinking Account all Net Revenues on receipt, and commencing April 30, 1981, but only after making the deposits or transfers required under Paragraphs (1), and (2) above, shall set aside in the Sinking Account all remaining Tax Revenues, subject to the permitted transfers to the Agency discussed in Paragraph (4) below, and shall retain therein the principal amounts indicated on page 5 hereof in each of the indicated years (adjusted proportionately for any permitted call and redemption of Bonds between May 1, 1978 and May 1, 1980, as hereinabove described), solely for the purchase or redemption of Term Bonds at or prior to maturity. Such deposits shall, however, be adjusted proportion-

ately for any permitted call and redemption of Bonds between May 1, 1978 and May 1, 1980, as hereinabove described.

The price of any Bonds purchased by the Fiscal Agent (including brokerage and other expenses, but excluding interest which is payable from the Interest Account) may not exceed the principal amount of such Bonds plus the premium applicable on the next following redemption date. On February 28, 1993, or any August 30 or February 28 thereafter, the Fiscal Agent shall apply all moneys available in the Sinking Account (if such moneys are sufficient to redeem at least \$25,000 principal amount) to the call and redemption of Bonds on the next succeeding interest payment date.

The Fiscal Agent shall transfer any moneys in the Sinking Account to the Interest Account or the Reserve Account if the required deposits to such accounts cannot be made from other sources of funds.

(4) *Surplus.* The Fiscal Agent on or before December 31 of each year, commencing December 31, 1980, shall ascertain the amount of Tax Revenues (specifically excluding any estimates of Net Revenues in such ascertainment) received or to be received by the Agency based upon the most recent assessed valuation of taxable property in the Project (as certified by the Finance Director of Santa Clara County), and shall estimate that portion of said Tax Revenues which will be in excess of the amount of interest which shall have come due or to become due during said fiscal year on the Bonds (and any parity bonds) then outstanding, and in excess of the then applicable Sinking Account deposit, and shall promptly notify the Agency of the excess portion so determined. The Agency may, by written notice to the Fiscal Agent within 30 days after receipt of such notification, direct that an amount not exceeding said excess portion be paid to the Agency, which amount may be used by the Agency for any purpose authorized in the Law, including, without limitation, the reimbursement or payment to the City of Sunnyvale for any sums paid or to be paid for or on behalf of the Project, the purchase and/or call and redemption of outstanding Bonds, provided the following conditions have been met: (1) The deposits required by the foregoing subsections (1) and (2) and deemed to be required by subsection (3) have been made so that the required amounts are in the above mentioned accounts as shown by a notification of the Fiscal Agent; (2) the Agency shall

have filed with the Fiscal Agent a certification of the Finance Director of the County of Santa Clara to the effect that the Agency has actually incurred an obligation on behalf of the Project in an amount at least equal to such excess portion, and has no later than the next preceding October 1, filed such supporting documentation attesting thereto as said Finance Director shall deem necessary; and (3) the Fiscal Agent shall have certified that the Agency is not in default under the terms of the Resolution or the Bonds.

Upon receipt of the Tax Revenues, the Fiscal Agent shall make such payment or payments, as directed by the Agency.

Issuance of Additional Bonds

If at any time the Agency determines by resolution that it will not have sufficient moneys available from the sale of the Bonds and other sources to pay the costs of the Project (including subsequent phases of the Project, if any), the Agency may provide for the issuance of and sell Additional Bonds in such principal amount as it estimates will be needed for such purpose. The issuance and sale of any Additional Bonds shall be subject to the following conditions precedent:

(1) The Agency must be in compliance with all covenants set forth in the Resolution.

(2) The Reserve Account must be increased, if necessary, by an amount sufficient to maintain the Minimum Reserve (initially equal to maximum annual interest due on the Bonds and any Additional Bonds, to be increased to twice the maximum annual interest due on the Bonds and the Additional Bonds following completion of the Project or subsequent phases thereof, if any, financed with proceeds of such Additional Bonds).

(3) The Additional Bonds must mature on May 1, and interest thereon is to be payable May 1 and November 1 of each year except the first year, which may be payable at the end of said year.

(4) Tax Revenues produced or to be produced from the most recent equalized assessed valuation of taxable property located in the Project (including an allowance for estimated tax Revenues to be derived from completion within three years from the date of such Additional Bonds for construction actually in progress) are at least equal to 1.25 times the assumed average annual debt service on all series of the outstanding Bonds and the

Additional Bonds proposed to be issued, as opined to by an independent certified public accountant employed by the Agency (the computation of assumed average annual debt service is to be made on the basis of approximately equal annual Sinking Account payments plus interest over the entire term of the Bonds and the Additional Bonds proposed to be issued). For purposes of this computation, taxable property shall include assessed valuations of property exempt from local property taxation by reason of the homeowners' and business inventories exemptions, and any other exemptions enacted by statute or imposed by judicial decision, to the extent that in-lieu payments for such exemptions are made to the Agency.

(5) The Agency must have received all required approvals of any governmental authority having jurisdiction over the Additional Bonds or their terms.

At present, the Agency does not anticipate that any Additional Bonds will be issued within the foreseeable future.

Certain Covenants

Certain covenants of the Agency under the Resolution are summarized in the following paragraphs.

1. The Agency will punctually pay, or cause to be paid, the principal of and interest on the Bonds as they become due.

2. The Agency will not encumber, pledge, or place any charge or lien upon any of the Tax Revenues or Net Revenues superior to or on a parity with the pledge and lien created in the Resolution except as provided in the Resolution.

3. The Agency will deposit and use the Bond proceeds as provided in the Resolution, and will manage and operate all properties owned by the Agency and comprising any part of the Project in a sound and businesslike manner and will keep such properties insured at all times in conformity with sound business practice.

4. The Agency will pay and discharge, or cause to be paid and discharged any governmental charges imposed, and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien or charge which might impair the security of the Bonds. The Agency does not, however, covenant to make any such payment so long as the Agency in good faith shall contest the validity of said claims.

5. The Agency will keep proper books of accounts and will cause to be prepared within 120 days after the close of each fiscal year financial statements in reasonable detail on the Project, the Tax Revenues, Net Revenues and other funds as provided in the Resolution, certified by an independent certified public accountant. The Agency will furnish a copy of such statements to any Bondholder upon written request. Said books and accounts will be maintained separate and apart from those of the City of Sunnyvale.

6. The Agency will commence and will continue to completion with all practical dispatch the Project, and the Project will be accomplished and completed in a sound and economical manner and in conformity with the Redevelopment Plan, and the Community Redevelopment Law. The Redevelopment Plan may be amended as provided in the Law, but no such amendment may be made which would substantially impair the security of the Bonds or the rights of the Bondholders.

7. If all or any part of the Project owned by the Agency shall be taken by eminent domain proceedings, the net proceeds realized by the Agency therefrom shall be deposited with the Fiscal Agent in a special fund in trust for the purpose of paying principal of and interest on the Bonds subject to the terms, conditions and requirements contained in the Resolution.

8. Whenever any property in the Project has been redeveloped and thereafter is leased by the Agency to any person or persons (other than the City of Sunnyvale or a public instrumentality thereof), or whenever the Agency leases real property in the Project to any person or persons for redevelopment, the property shall be assessed and taxed in the same manner as privately owned property (in accordance with Section 33673 of the Health and Safety Code of the State of California), and the lease or contract shall provide: (a) that the lessee shall pay taxes upon the assessed value of the entire property and not merely upon the assessed value of such lessee's leasehold interest, and (b) that if for any reason the taxes paid by the lessee on such property in any year during the term of the lease or contract shall be less than the taxes which would have been payable upon the assessed value of the entire property if the property were assessed and taxed in the same manner as privately owned property, the lessee shall pay such difference to the Fiscal Agent within thirty days after the taxes for such year become payable to the taxing agencies and in any event prior to the delinquency

date or dates of such taxes established by law. All such payments to the Fiscal Agent shall be treated as Tax Revenues and shall be deposited by the Fiscal Agent in the Special Fund.

9. The Agency will not dispose of more than 10% of the land area in the Project (other than property shown by the Redevelopment Plan in effect as of the date of the Resolution as planned for public use) to public bodies or other persons or entities whose property is tax exempt if as a result of such disposition the security of the Bonds or the rights of the Bondholders will be substantially impaired.

10. The Agency will preserve and protect the security of the Bonds and the rights of the Bondholders, and will warrant and defend their rights against all claims and demands of all persons.

11. The Agency will not invest or cause to be invested proceeds of the Bonds in a manner which would result in the Bonds becoming "taxable arbitrage bonds" within the meaning of Section 103(c) of the Internal Revenue Code, as amended, and applicable regulations adopted thereunder.

12. The Agency will make no use of the proceeds of the Bonds nor use any moneys to pay or redeem the Bonds which will cause the Bonds to be deemed "industrial development bonds" by reason of section 103(b)(2)(B) of the Internal Revenue Code of 1954, as amended, nor shall any provision of the Resolution be construed to permit the use of the proceeds of the Bonds or to pledge security for the repayment of the Bonds which would cause the Bonds to be deemed "industrial development bonds" by reason of said section of said Code.

Deposit and Investment of Moneys in Funds

Subject to the provisions of the Resolution all moneys held by the Agency in the Redevelopment Fund and by the Fiscal Agent in the Special Fund, except such moneys which are at the time invested, shall be held in time or demand deposits in any bank or trust company authorized to accept deposits of public funds (including the banking department of the Fiscal Agent) and shall be secured at all times by bonds or other obligations which are authorized by laws as security for public deposits, of a market value at least equal to the amount required by law.

Moneys in the Redevelopment Fund may from time to time be invested by the Agency, and moneys in the Special Fund may, and upon written request of the Agency shall, be invested by the Fis-

cal Agent in certain Federal securities as described in the Resolution.

Obligations purchased as an investment of moneys in either of said funds shall be deemed at all times to be a part of such fund and any gain realized from such investment shall be credited to such fund and any loss resulting from any such authorized investment shall be charged to such fund without liability to the Agency or the members and officers thereof or to the Fiscal Agent.

For the purpose of determining at any given time the balance in such fund, any investment constituting a part of such fund shall be valued at the estimated market value of such investment.

During the acquisition, construction and development of the Project the earnings or gain realized from such investment may be retained in, or transferred to, the Redevelopment Fund.

Event of Default—Remedies

The Resolution declares each of the following events to be an event of default:

(1) Failure to pay the principal on the Bonds when due and payable;

(2) Failure to pay interest on the Bonds when due and payable, if such failure shall have continued for 30 days;

(3) Default by the Agency in the performance or observance of any of the covenants, agreements or conditions in the Bonds or in the Resolution if such default continues for sixty (60) days after written notice thereof has been given to the Agency by the Fiscal Agent or by the holders of not less than 25% in aggregate principal amount of the Bonds then outstanding; or

(4) If the Agency files a petition or answer seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America, or if a court of competent jurisdiction approves a petition, filed with or without the consent of the Agency, seeking reorganization under the federal bankruptcy laws or any other applicable law of the United States of America, or if, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction assumes custody or control of the Agency or of the whole or any substantial part of its property.

In the case of an event of default, the Fiscal Agent or the holders of not less than a majority in aggregate principal amount of the Bonds at the time out-

standing may declare the principal of all the Bonds then outstanding and the interest thereon to be due and payable immediately.

In addition, in the case of an event of default, any Bondholder shall have the right, for the equal benefit and protection of all Bondholders similarly situated—

(1) By mandamus, suit, action or proceeding, to compel the Agency and its members, officers, agents or employees to perform each and every term, provision and covenant contained in the Resolution and in the Bonds, and to require the carrying out of any or all such covenants and agreements of the Agency and the fulfillment of all duties imposed upon it by the Law;

(2) By suit, action or proceeding in equity, to enjoin any acts or things which are unlawful, or the violation of any of the Bondholders' rights; or

(3) Upon the happening of any event of default, by suit, action or proceeding in any court of competent jurisdiction, to require the Agency and its members and employees to account as if it and they were the trustees of an express trust.

The Resolution provides that no remedy conferred therein upon the Fiscal Agent or the Bondholders shall be exclusive of any other remedy, and that each and every remedy shall be cumulative and shall be in addition to every other remedy given under the Resolution or thereafter conferred upon the Fiscal Agent or Bondholders. However, the effect of any such remedies may be limited by the laws of the State of California affecting such remedies and

may also be limited by laws governing bankruptcy, insolvency or other matters affecting enforcement of creditors' rights.

Amendment of the Resolution

The Resolution may be modified or amended by a Supplemental Resolution only with the consent of the holders of 60% of all Bonds then outstanding (exclusive of disqualified Bonds, as defined in Section 7.04 of the Resolution) unless the modification of amendment is for the purpose of curing ambiguities or defects in the Resolution; grants or confers upon the Bondholders additional rights, remedies, powers, authority or security; or to provide for the issuance of additional Bonds in conformity with the provisions of the Resolution, in which case no Bondholder's consent is required. No modification or amendment of the Resolution shall: (1) extend the maturity of any Bond or reduce the interest rate thereon, or otherwise alter or impair the obligation of the Agency to pay the principal thereof, or interest thereon, or any premium payable on the redemption thereof, at the time and place and at the rate and in the currency provided therein, without the express consent of the holder of such Bond, or (2) permit the creation by the Agency of any mortgage, pledge or lien upon the Tax Revenues or the Net Revenues, superior to or on a parity with the pledge and lien herein created for the benefit of the Bonds, or reduce the percentage of Bonds required for the affirmative vote or written consent to an amendment or modification, or (3) modify any of the rights or obligations of the Fiscal Agent or of any Paying Agent without its written consent.

REDEVELOPMENT AGENCY OF THE CITY OF SUNNYVALE

The Redevelopment Agency

In 1957 the Sunnyvale City Council took action that formally recognized the need for redevelopment of portions of the city. The Agency was created under the provisions of the Community Redevelopment Law by Resolution No. 2600, approved and adopted by the City Council on November 19, 1957, and at the same time the City Council declared itself to be the Agency. The Agency appoints an Executive Director to implement Agency policies and administer redevelopment activities.

City staff provides technical services connected with redevelopment projects, including fiscal services, engineering, planning, legal assistance and other functions necessary for project implementation. As such, staff employees assigned to Agency activities are employees of the City of Sunnyvale, and participate in all of the city's employee benefit programs.

The City Manager also acts as Executive Director of the Redevelopment Agency. Mr. John E. Dever, who served as City Manager from 1967 to December 1976, acted as Executive Director during the formulative stages of the Project. His replacement after Mr. Dever's departure to become City Manager of the City of Long Beach assumed all responsibilities for implementation of the Project. Mr. Lee S. Ayres became City Manager and Executive Director of the Agency effective March 1, 1977. He has previously served as City Manager of the Cities of Overland Park, Kansas and Titusville, Florida. Mr. Ayres received his baccalaureate in Political Science from the University of Kansas, and a Masters degree in Public Administration from the same institution. He is a member of the International City Management Association and the Municipal Finance Officers Association.

Gordon R. Miller, Director of Community Development.—Mr. Miller has been employed by the City of Sunnyvale in positions of successive responsibility since July of 1957, and has been in his present position since August of 1967. He is a member of the American Society of Civil Engineers, the

American Public Works Administration, and the American Society of Planning Officials. Mr. Miller received a degree in Civil Engineering in 1946.

Agency financial records are maintained in the city's Finance Department under the supervision of the Finance Director, Mr. E. O. Coli, who also acts as Treasurer of the Agency. Mr. Coli has served the city since 1965, and has gained a total of 11 years experience in the field of municipal auditing, accounting, budgeting and related activities with the City of Sunnyvale. He is a Certified Public Accountant, with a bachelor's degree in accounting from the University of San Francisco. He is a member of the California CPA Society, the California Society of Municipal Finance Officers, and the Municipal Finance Officers Association of the United States and Canada.

Powers

All powers of the Agency are vested in its seven members. Under the Community Redevelopment Law, the Agency is a separate public body and exercises governmental functions in executing duly adopted redevelopment projects. As such, the Agency has the authority to acquire, develop, administer, and sell or lease property, including the right of eminent domain, the right to accept financial assistance from any source, and the power to issue bonds, notes or other evidences of indebtedness, and expend their proceeds. The Agency itself does not have the power to levy taxes.

The Agency may also clear buildings or other improvements, develop as a building site any real property owned or acquired, and in connection with such development, may provide for the installation of streets, utilities, sidewalks, and other necessary public improvements. With the exception of publicly owned structures and facilities benefitting the Project, the Agency itself cannot construct any buildings contemplated under the Redevelopment Plan but must convey property in the Project by sale or lease at fair value, for private redevelopment in strict conformity with the Plan. The Agency may specify a period of time within which such development must begin.

Redevelopment Financing

The Community Redevelopment Law authorizes a method of financing redevelopment projects based upon a prescribed allocation of property taxes collected within a project. The assessed valuation of

taxable property within the project is, in effect, frozen at the level set forth in the assessment rolls last equalized prior to the effective date of the ordinance adopting the redevelopment plan, and all overlapping taxing bodies continue to receive the taxes derived by the levy of the current tax rate against the assessed valuation of the project up to an amount equivalent to this frozen base. All property taxes collected each year after the adoption of the redevelopment plan upon any increase in assessed valuation above the established base level may be credited to a redevelopment agency and be pledged to the repayment of any indebtedness incurred in the development of the project. Such income is referred to as "tax increment revenue," and in tax allocation bond financing is defined as "Tax Revenue." The county in which a redevelopment project is located also distributes to the agency the incremental delinquent taxes in the same manner when they are collected. After all indebtedness of the agency for a given project has been repaid, the total

taxes produced by the project thereafter accrue to the respective taxing bodies in the usual manner. Thus, the tax allocation procedure not only permits each taxing agency to levy and collect taxes on the level of assessed valuation existing in a project prior to redevelopment, but also provides that increases in assessed valuation occurring as a result of such redevelopment may be used as a basis for the repayment of costs or indebtedness incurred in behalf of the project.

During the course of redevelopment, assessed valuations may temporarily be less than the frozen base, as a redevelopment agency acquires land and improvements and the properties are removed from the tax rolls by virtue of the transfer to public ownership, or as other land development activities result in a short-term reduction in assessed valuation. While assessed valuations are less than the frozen base, overlapping taxing entities receive only the taxes derived from the current tax rate applied against the actual assessed valuation. As an agency

Stores and offices in the Town and Country Village Shopping Center which is within the Central Core Redevelopment Project. This center was developed under the city's first redevelopment project.



disposes of land to private ownership for purposes of redevelopment, it is returned to the tax rolls with an assessed valuation that usually reflects the higher level of planned use prescribed in the redevelopment plan. In the event that privately-owned property is acquired and permanently removed from the tax rolls for public uses, the frozen base valuation is reduced proportionately so that the ability to generate tax increment revenues from any new development will not be impaired.

As previously stated, the Community Redevelopment Law authorizes the incurrence of indebtedness by a redevelopment agency, and the payment of debt service costs is permitted from any one or a combination of stated sources. The 1977 Bonds now being offered for sale by the Agency are secured by a pledge of tax receipts produced from the incremental assessed valuation of the Project, which are to be paid directly into the Agency's Special Fund established for the benefit of the bondholders, and held by the Fiscal Agent. These bonds are also secured by a pledge of all net proceeds received from the disposition of property within the Project (defined as the Net Revenues), and other available revenues of the Agency (which may include advances or contributions by the City of Sunnyvale).

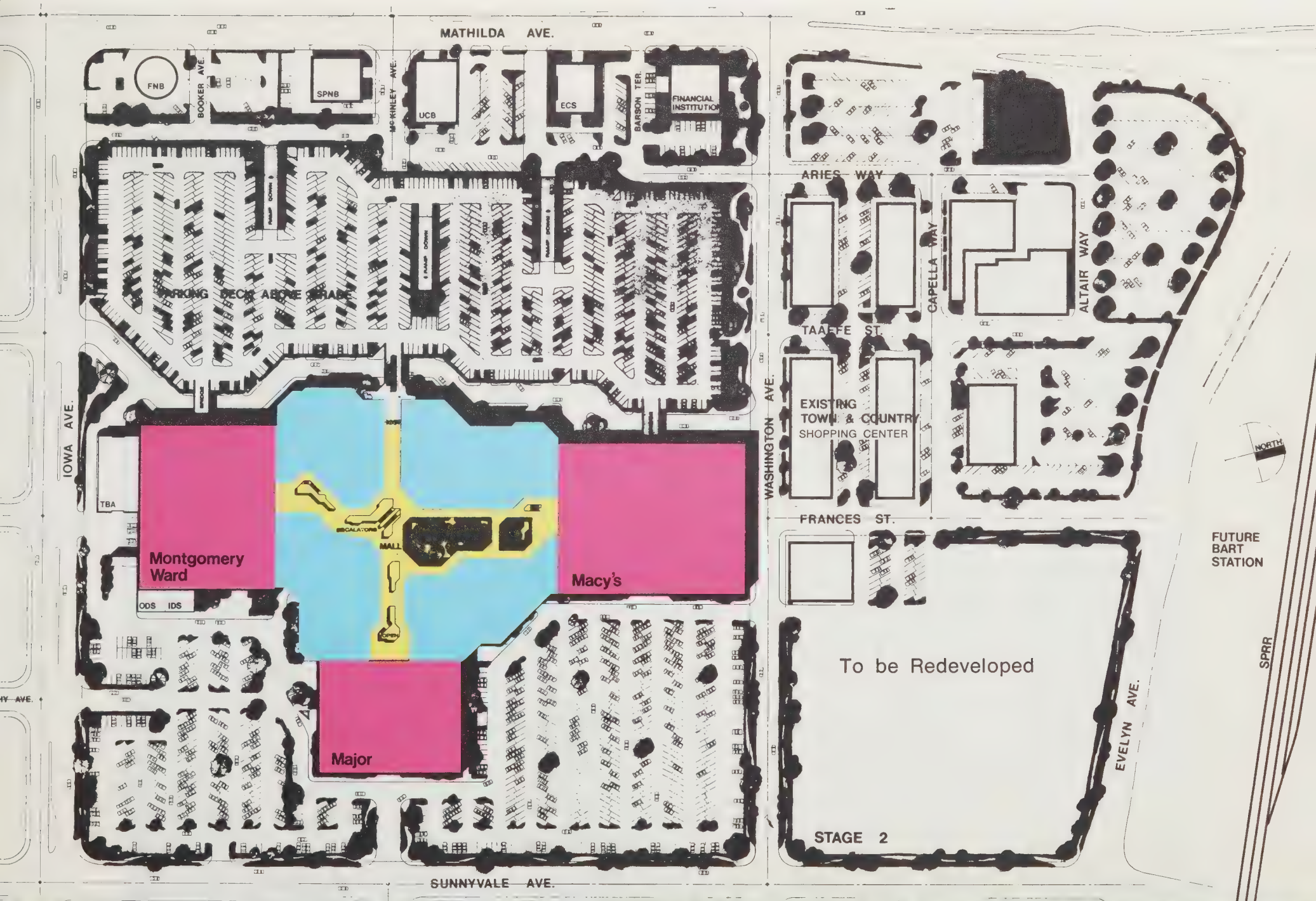
An additional method of financing permitted under the Law is through the issuance of lease-revenue bonds by a redevelopment agency for the acquisition and construction of public facilities which will be leased to the local community. The Series A Parking Lease Revenue Bonds being offered concurrently with the 1977 Bonds represent the utilization of this method of financing redevelopment activities. Payment of the lease-rentals each year becomes a general fund obligation of the city, for which any unrestricted funds may be used, including the city's available and unused 22½ cent taxing power (which would generate about \$1,300,000 per year on the basis of current assessed valuations). The Agency's financing program is discussed in the Introduction to this official statement, and elsewhere herein.

Agency Financial Statements

The Redevelopment Agency of the City of Sunnyvale is a public entity separate and apart from the City of Sunnyvale, but is entirely staffed by employees of the city. All accounting records of the Agency operations are maintained by the city's Finance Department as part of the city records. Commencing with the current 1976/77 fiscal year, records of the Agency will be maintained separately, and separate audit reports will be prepared each year by independent certified public accountants retained by the Agency (as required by the Resolution). Since Agency costs to date have been minimal and are included under various expenditure classifications of the City Budget and accounting system, separate financial records are not available.

Previous Agency Project

In 1967 the Agency adopted a redevelopment plan for a 19.2 acre commercial redevelopment project. With the assistance of the Department of Housing and Urban Development ("HUD"), the Agency acquired and cleared property within the project area, and re-sold the entire site to a developer. A neighborhood shopping center was constructed with six buildings containing a gross floor area of 94,000 square feet and housing 49 shops and services. Agency and federal involvement in this project has been completed for several years. Known as the Town and Country Village Shopping Center, this development is within the Sunnyvale Central Core Redevelopment Project described in this official statement. Total costs for this project approved by HUD (after deduction of the proceeds from the re-sale of land) amounted to \$4,403,041, of which \$2,812,704 were met from federal grants, and the balance of \$1,590,337 was provided by the City of Sunnyvale. The previous project has no connection with the Project described in this official statement, and the above discussion is presented only as a matter of information to any interested party.



second level plan

Sunnyvale
TownCenter

SUNNYVALE CENTRAL CORE REDEVELOPMENT PROJECT

Background

The Redevelopment Plan (the "Plan") for the Sunnyvale Central Core Redevelopment Project was adopted by the Agency and the City Council pursuant to its Ordinance No. 1796-75 on November 26, 1975. This Project, the second to be undertaken by the Agency, is located in the central area of the city adjacent to the civic center complex. Conditions in the Project area prior to adoption of the plan met the statutory conditions for blight, with findings of high vacancy rates, long-term vacant commercially-zoned lots, older substandard commercial structures and general economic stagnation. Such findings are prerequisites, under the Law, to commencement of actual redevelopment activities.

Certain revisions to the Law have been enacted by the State Legislature and approved by the Governor which became effective for various provisions on October 1, 1976 and January 1, 1977. Since the Plan for the Project was adopted prior to the effective date of such statutory amendments, it is believed that the Plan and the proposed financing program will not be affected by, or subject to these amendments to the Law.

Project Description

The Project is an approximately rectangular area covering 183.6 acres bounded by the Southern Pacific railroad tracks north, Carroll Street on the east, El Camino Real-Old San Francisco Road on the south and Charles Street on the west. The Project area covers the original business district of the city and the surrounding housing, along with the expanded commercial area which has become the city's principal retail and administrative center.

Following is a brief description of the Project area, which has been divided into three sub-areas in terms of planned redevelopment activity and land uses.

Area 1. (40 acres \pm) This area, presently developed with older commercial and residential structures, except for a number of recently constructed financial institutions along Mathilda Avenue, is the primary clearance area. When the 8-block area is cleared, it will become the principal retail center for the city with construction of the Sunnyvale Town-Center shopping mall, as discussed in detail in subsequent paragraphs of this section of the official statement. The two issues of bonds currently offered for sale (the Agency's 1977 Bonds and the Series A Parking Lease Revenue Bonds which are described in separate official statements of the Agency) will be utilized primarily to finance land acquisition, clearance, relocation and other necessary improvements to the site for the shopping mall and off-street parking facilities. The Agency currently estimates that it will acquire approximately 90 parcels of privately-owned property within Area 1 (about 50 percent of the total property in this area), necessitating the relocation of 34 residents and 146 commercial occupants.

Area 2. (12 acres \pm) This area, presently consisting of commercial, residential and light industrial properties, covers three blocks. It is planned to become an office area supporting the retail center with the possibility of some retail outlets. Acquisition and relocation activities will be required for the implementation of redevelopment in Area 2, but a firm program has not yet been adopted. It is expected that redevelopment of this area will follow construction of the TownCenter shopping mall, but may commence at an earlier date.

Area 3. (131 acres \pm) The remaining area within the Project, consisting primarily of single family residential dwellings with some apartment units and commercial property, will be redeveloped only on an individual parcel basis as needed. The overall objective in this area is to stabilize and protect existing properties while upgrading only those needing, and having potential for, improvement.

Controls and Land Use

All real property in the Project area is subject to the controls and restrictions of the Plan. All new construction must comply with all applicable State statutes and local laws in effect including the city zoning ordinances and city codes for building, electrical works, heating and ventilating, and housing and plumbing. In addition to the traditional zoning



Existing conditions within the Central Core Redevelopment Project.

controls, there are supplementary controls in the letting of contracts and the imposition of deed restrictions and covenants which can assure that the redeveloper's obligations are met. Within Area 3, the non-clearance stabilization area, a great reliance will be placed on voluntary action in concert with the Plan. The city need not rely entirely on voluntary action, however, since the ability to enforce zoning, building and housing codes is always present.

In the non-clearance stabilization area some adjustment in the present R-4 zoning is required in order to reduce the possibility of incompatible structures being erected on small lots as is now permissible. Such an adjustment could take the form either of establishing a larger minimum lot size before maximum densities could be achieved or, as a temporary measure, the addition of a Planned Develop-

ment Combining District or the use of interim zoning. In addition, the Agency has the obligation to provide for non-discrimination clauses in all deeds, leases or contracts for sale, lease or sub-lease or other transfer of land in the Project.

The Project area redevelopment must comply with the General Plan for the city. The city has grown under a series of general plans, the first, adopted in 1957, the second adopted in 1963, and substantially amended in 1972, in order to reflect changes in policy made during the intervening years and to conform with the requirements of Section 65302 of the Government Code. Further minor amendments were adopted in 1973, 1974 and 1975. The Project as currently proposed is also wholly consistent with the current General Plan for the city and is, in fact, designed to bring the plan into reality.

Example of deteriorated property and improper land use within the Project.



As far as traffic circulation is concerned, the Plan retains the principal framework of existing streets with the main traffic arteries giving access to the Project area being El Camino Real, Mathilda Avenue, Evelyn Avenue and Sunnyvale Avenue, with Washington Avenue, Iowa Avenue and Olive Avenue serving as principal east-west collectors.

Within the primary clearance area (Area 1), all or part of Murphy Avenue, Frances and Taaffe Streets and McKinley Avenue are expected to be vacated. A portion of McKinley Avenue will be retained as entry points.

Minor changes in the street pattern may result as designs crystalize in order to channel main traffic flow onto boundary streets rather than through the interior residential streets.

A key consideration in the detailed site design for the Project will be appropriate provision for convenient and efficient access and loading facilities for mass transit vehicles.

The basic land use patterns will follow current plans as shown in the General Plan and as reflected in the Zoning Ordinance. Within the primary clearance area there is presently approximately 526,000 square feet of non-residential floor area of which approximately 130,000 square feet were vacant at the time of a survey in 1975. There will be an increased intensity of development within this area over what now exists, but within present zoning limits. Such an intensity of development will require provision for parking of cars at a ratio of one per each 180 square feet of gross floor area, most of which would be in parking structures.

The secondary clearance area (Area 2) presently has approximately 135,000 square feet of non-residential floor area of which 19,000 were vacant in 1975. This area is planned for less intensive commercial use with the primary emphasis on offices, with some possibility of satellite and service commercial uses. The existing C-3 Zoning regulations allow residential development by use permit, and the possibility of integrating in-town living quarters with the commercial development will be explored as site and architectural plans are developed.

Within the balance of the Project (Area 3) no major change of use or intensity will come about as a direct result of the redevelopment activity. No change is contemplated within the area occupied by the Town and Country Village shopping center; north of Washington Avenue and west of Frances Street. No change is contemplated in the financial

institutions on the east side of Mathilda Avenue. West of Mathilda Avenue, the General Plan and the Zoning Ordinance contemplate a gradual conversion to office use. South of Iowa Avenue, between Carroll Street and Mathilda Avenue, the General Plan and the zoning contemplate a gradual change from low intensity residence to high intensity residential use with offices. The Redevelopment Plan does not seek to hasten this conversion. In fact, within the non-clearance areas, the emphasis will be placed on measures to assure an orderly transition rather than a scattering of ill considered conversions or sub-optimum new construction. The net result is expected to be a slowing, as well as a controlling of the transition process. This non-clearance residential area presently contains approximately 380 dwellings, 219 of them single family. If this same area were all developed residentially as zoned, it could accommodate approximately 1,800 dwelling units.

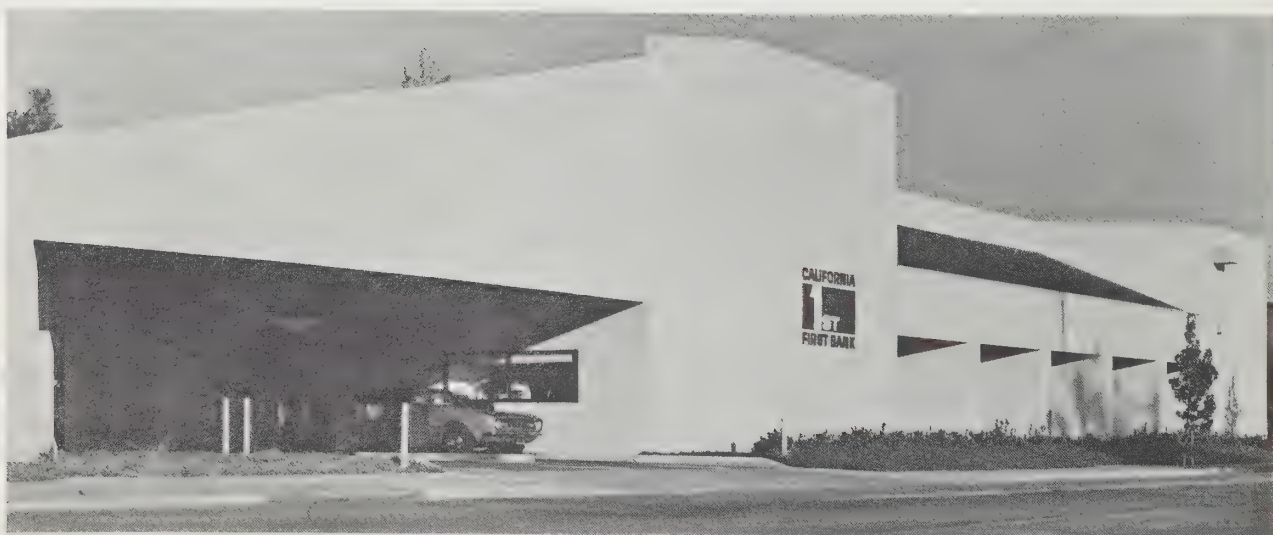
Project Status

While the Agency has not begun any material portion of the Project area improvements, about \$733,000 in increased assessed valuations on the local secured roll have been recorded from higher assessment of existing property, additional property in the Project, or from new development completed, under construction or approved by private developers since adoption of the Redevelopment Plan. However, this has been offset by a decrease of about \$1.1 million in assessed valuation, principally on the unsecured roll. This is due principally to the closing of a 64,000 square-foot department store and the resulting loss of assessed valuation of inventories and fixtures from the assessment rolls. The vacant department store is one of the structures to be acquired and removed by the Agency as part of the redevelopment process. To date, the city, on behalf of the Agency, has expended approximately \$240,000 in preliminary Project costs which are not expected to be recovered from proceeds of the current financing program.

The major single development scheduled for the Project area is the Sunnyvale TownCenter regional shopping center which is being developed by a limited partnership called Sunnyvale TownCenter Associates, which consists of Ernest W. Hahn, Inc. and STC Properties Corp. (a wholly owned subsidiary of R. H. Macy & Co., Inc.) as general partners, and R. H. Macy & Co., Inc. as a limited partner (the "Developer"). Under the terms of the Disposition and Development Agreement (the "Agreement")



Several financial institutions have been constructed within the Central Core Redevelopment Project, including the three shown here.



between the Developer and the Agency dated June 23, 1976, as amended (see below), the Agency will convey to the Developer the portion of the site identified as the "Developer Parcel," while the Developer agrees to build a regional shopping center of not less than 580,000 square feet, but is actually planned for approximately 807,000 square feet of gross building area (having approximately 674,000 square feet of gross leased area). The Agency is required to provide off-street parking facilities for approximately 3,370 vehicles partially on a site identified as the "Agency Parcel." Although the proposed amended Agreement provides for construction of a shopping center containing not less than 580,000 square feet, the Developer agrees to use its best efforts to attract a third major department store, which would increase the gross leasable area to approximately 674,000 square feet.

The Sunnyvale TownCenter will be a fully enclosed air conditioned mall located on a gross site area of approximately 34.5 acres bounded by Washington Street, Sunnyvale Avenue, Iowa Street and Mathilda Avenue. The complex will consist of not more than three major department stores (Macy's, Ward's and a third to be named, if obtainable) of two levels each, a two level enclosed tenant mall with approximately 100 specialty stores, an attached 9,500 square-foot single-story Ward's auto service center, and associated parking. The Developer is in

the process of negotiating a Reciprocal Easement Agreement with Macy's and Ward's, as discussed in the "Introduction" hereto.

The parking facilities will consist of a two-level (including ground level) parking structure containing approximately 1,138 spaces, together with surface parking having a combined capacity of about 3,370 vehicles.

Gross building area and commercial space within the center, as presently planned, is summarized in the following tabulation (excluding parking):

SUNNYVALE TOWNCENTER

Building and Leased Areas

	Gross Building Area (Sq. Ft.)	Gross Leased Area (Sq. Ft.)
Department Stores:		
Ward's①	149,864	142,370
Macy's	165,812	157,521
Major to be named	100,000	95,000
Tenant Area in Mall	290,750	270,400
Financial Institution	9,000	9,000
Public Area	91,620	—
Totals	807,046	674,291

① Includes attached tire, battery and accessory store.

One of the several new financial institutions that have been constructed within the Project.



In order to develop estimates of the assessed valuation of the Sunnyvale TownCenter development upon completion and occupancy, both the Agency and the Developer have retained qualified independent consultants to review the proposed development with the Santa Clara County Assessor to prepare estimates of assessed valuations at full development and occupancy. Independent conclusions reached by the respective appraisal consultants are approximately the same, and are supported by reports presented to the Developer and the Agency, respectively. In the report of the appraisal consultant retained by the Agency, the gross appraisal of Sunnyvale TownCenter when completed and occupied by an assumed three major department stores and approximately 100 specialty stores and other operations in the mall area is \$60 million. It has been assumed that such values will be based on cost, and that after a period of time (approximately three to five years), the appraisal would be converted to a capitalization of rental values. On the cost basis of \$60 million, the assessed valuation (at 25% of full value) would amount to almost \$15 million, as itemized in the tabulation below. The consultant has assumed that land valuation of the Developer Parcel will, at the outset, equal no more than 25 percent of the \$5,500,000 sale price (\$1,375,000), and that structures and leasehold or tenant improvements will amount to approximately \$12.17 per square foot of gross building area (assessed valuation). Business inventories and similar property are estimated at a total of \$14,000,000, or \$3,500,000 assessed valuation. The appraisal has been prepared in conjunction with consultation with the County Assessor, and is believed to represent values to be assigned to the Sunnyvale TownCenter upon full completion.

SUNNYVALE TOWNCENTER

Estimated Assessed Valuation (1980/81)

Land (25% of sale price)	\$ 1,375,000
Improvements	9,824,000
Inventories	3,500,000
	<u>\$14,699,000</u>

The only other major project presently announced in the Project area is a two-story bank and administrative office building of Bank of America N.T. & S.A., to be constructed on a bank-owned

site. The building will contain 33,000 square feet of floor area and will serve as regional headquarters and banking office. This development is now under review by the city pending issuance of a building permit, and is expected to be completed by June of 1978. Estimated cost of this development is \$2 million (excluding land, furnishings and fixtures), which would result in an assessed valuation of at least \$500,000 by the 1979/80 fiscal year.

Other major developments constructed within the Project area since March 1, 1975 (the lien date for assessment of property which may represent an increase over the base year valuation) are as summarized in the following tabulation:

SUNNYVALE CENTRAL CORE REDEVELOPMENT PROJECT

Development Since March 1, 1975

Development	Estimated Construction Value
American Savings & Loan (bank/offices)	\$300,000
Armanini Building (restaurant/store) ..	48,380
Brentwood Savings & Loan (bank)	119,500
California First Bank (bank)	183,250
Total	\$651,130

Source: City Building Division of the Community Development Department.

Disposition and Development Agreement

Under terms of the Disposition and Development Agreement with the Developer, the Agency is committed to convey cleared land suitable for building construction on the shopping center site (the Developer Parcel) and certain peripheral parcels, in addition to making a number of site improvements. Major modifications in existing utility systems, including water mains, sanitary and storm sewers, telephone and electrical lines and conduits, will be made to assure proper service to the shopping center. All electrical utility lines on the shopping center site will be underground.

Traffic and street systems will also be improved to assure adequate flow of vehicular traffic to and from the shopping center. The traffic control system will

be improved to accommodate the increased traffic volume resulting from the shopping center development. In addition, the major streets directly serving the site will be further improved to enhance their appearance and traffic capacity.

The Agency has agreed to assemble a site of 34.5 acres for the shopping center. The status of land assembly is shown in the map on page 26. The total site is composed of 99 parcels in private and public ownership and certain interior street systems and minor easements. At the present time the city owns nine of these parcels which, in combination with abutting public rights of way and easements, comprise more than 50% of the total acreage to be assembled.

Currently there are 146 industrial or commercial and 12 residential tenants or owners (34 persons) within the site who must be relocated. The Agency has employed Port and Flor, Incorporated, Los Angeles, to provide relocation assistance, and Dougherty-Castellanos Associates, Santa Clara, for property acquisition services.

At such time as the Agency has acquired those parcels comprising the site for the Developer Parcel, the property will be transferred to the Developer. Within 30 days after conveyance of title, construction is required to commence. The Agreement (as presently proposed to be amended), provides that all construction must be completed within two years of commencement (completion is projected for March 1, 1980, which is the lien date for property that will appear on the 1980/81 tax rolls). It is expected, however, that the center will be completed by October 1, 1979, or five months prior to such lien date (with the possible exception of the third major department store).

Pursuant to a proposed amendment to the Disposition and Development Agreement (execution of which will be required before delivery of the Bonds), the Developer will agree to make an advance payment of \$2,000,000 for acquisition of a portion of the Developer Parcel when needed, but not prior to 90 days before the entire Developer Parcel is to be conveyed (among other conditions precedent). The \$3,500,000 balance of the acquisition price will be treated as pledged revenues for the 1977 Bonds and will be applied to redemption of an equivalent principal amount of such bonds if received by March 31, 1980 (the last date on which notice of such redemption may be given).

In addition to the mall building itself, the Developer will design and submit a bid for construction of the parking structure to serve the shopping center. It is anticipated that the parking structure will be financed through the issuance of Series B Lease Revenue bonds by the Agency. The Developer has agreed to construct the parking structure at a price not to exceed \$6,523,525 if construction is initiated by January 1, 1979. Thereafter, the construction cost may be adjusted by the Developer in accordance with monthly changes in the construction cost index published in the *Engineering News Record*. Competitive bids for construction of the parking structure must be obtained by the Agency, and any bid lower than the Developer's guaranteed price will result in award of the contract to such bidder. If the Developer is not the successful construction bidder, the Agency has agreed to pay the Developer not more than \$200,000 for design work.

The Bond Projects

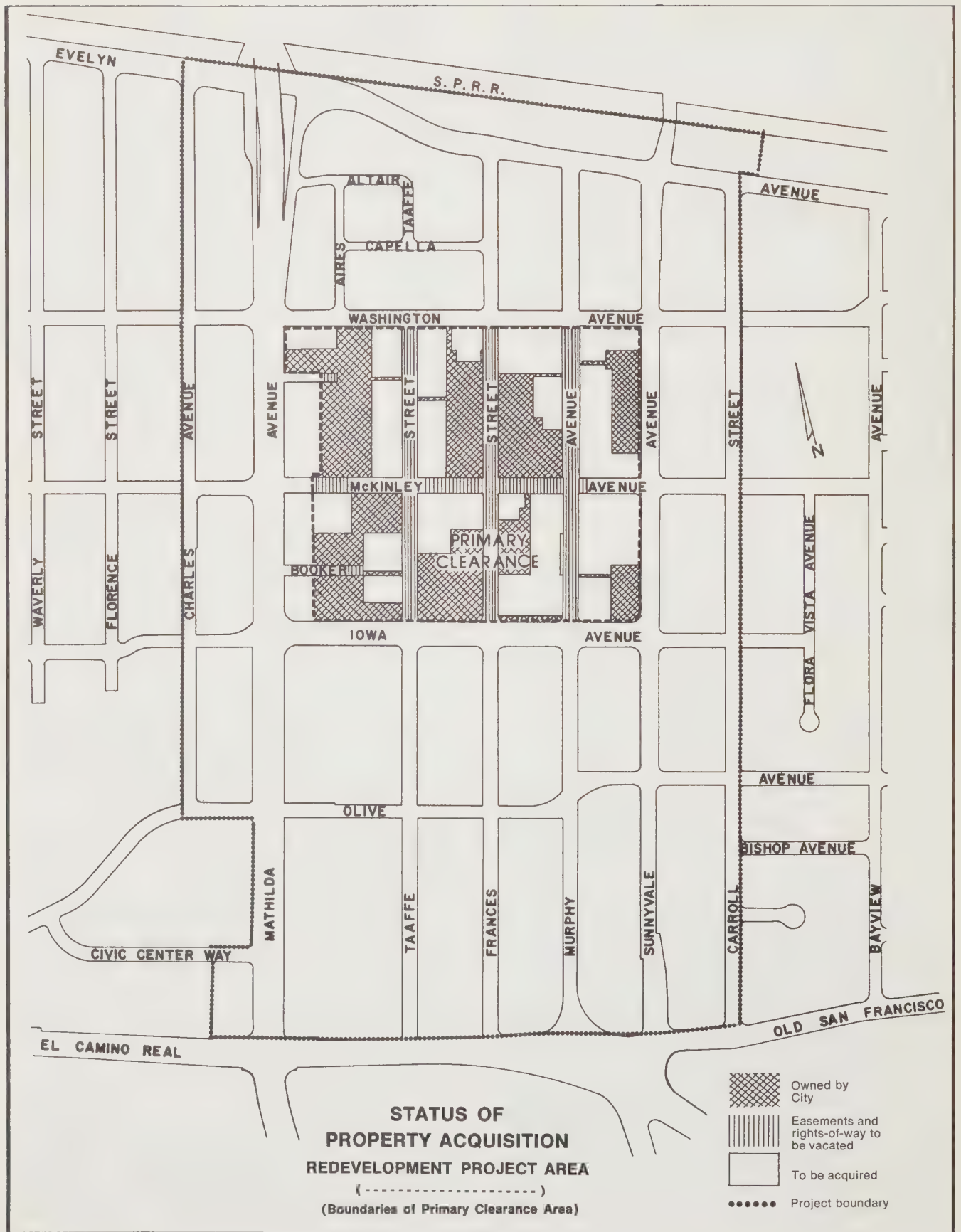
Net proceeds to be received from the sale of the 1977 Bonds and the Series A Parking Lease Revenue Bonds, being offered concurrently, will be used primarily to assemble and clear property comprising the Developer Parcel and Agency Parcel, respectively, pay relocation costs, meet required expenditures for public improvements (principally utility undergrounding and relocation, and perimeter street improvements), and to pay Agency administrative costs during development of the Project. Uses of net proceeds of the respective bond issues are presented in the two following tabulations, based on current Agency estimates.

1977 BONDS

Application of Net Proceeds

Property acquisition and acquisition expenses	\$ 9,302,000 ^①
Relocation costs and related expenses	1,220,000
Demolition and clearance	183,000
Public improvements	610,000
Administration and miscellaneous ...	200,000
Net Proceeds	<u>\$11,515,000</u>

^① Based in part on appraisal by Berlinger I. Kidder, Palo Alto, California. Excludes \$2,000,000 advance payment by the Developer which will be applied to acquisition of property.



SERIES A PARKING LEASE REVENUE BONDS

Application of Net Proceeds

Property acquisition and acquisition expenses	\$7,133,000 ^①
Relocation costs and related expenses	780,000
Demolition and clearance	117,000
Public improvements	390,000
Administration and miscellaneous ...	100,000
Net Proceeds	<u>8,520,000</u>

^① Based in part on appraisal by Berlinger I. Kidder, Palo Alto, California.

At present, it is not expected that any additional bonds will be issued on a parity with the 1977 Bonds by the Agency. Such additional bonds may be issued only under the conditions precedent specified in the Resolution of Issuance pertaining to the 1977 Bonds. However, it is anticipated that an additional series of Parking Lease Revenue Bonds will be issued within the next 24 months to finance the construction of the proposed 1,138-stall parking garage to serve the Sunnyvale TownCenter and adjacent property, and to retire or refund certain outstanding Parking District Bonds heretofore issued by the city. The principal amount of such Parking Lease Revenue Bonds is presently estimated at approximately \$10,000,000 (including capitalized interest, reserves, and costs of issuance), but the actual amount to be issued will be determined at the time the parking structure is to be constructed.

Environmental Considerations

The Sunnyvale Central Core Redevelopment Project is subject to the provisions of the California Environmental Quality Act (Public Resources Code, Section 21000 et seq.), and as such an Environmental Impact Report on the Redevelopment Project was prepared, a hearing was held in the City of Sunnyvale, and the final report was filed with the California Secretary of Resources on September 12, 1975 and certified by the City Council on November 18, 1975.

Although not legally required, a Supplemental Environmental Impact Report has been prepared concerning the actions now being taken by the Agency. A Negative Declaration was filed with the State Secretary of Resources on December 17, 1976.

The Developer

As previously stated, the Developer consists of a partnership of Ernest W. Hahn, Inc., STC Prop-

erties Corp., and R. H. Macy & Co., Inc. The partnership, identified as Sunnyvale TownCenter Associates, is composed of a group that is well recognized as successful developers and operators of regional shopping centers, and as highly successful operators of retail department stores, respectively. The Hahn organization is one of the largest developers of regional shopping centers in the country, and is also a major contractor for the construction of such properties and other developments. Ernest W. Hahn, Inc. stated in its report for the fiscal year ended February 29, 1976, that it holds an equity interest in 15 operating regional shopping centers which it also manages. Another nine regional and specialty shopping centers are under construction, and 17 others were then in various planning stages. For the above-mentioned fiscal year, the firm reports "net cash from operations" of \$7,080,000, and net assets (stockholders' equity) of \$25,355,000 (copies of the most recent annual report may be obtained from Ernest W. Hahn, Inc., 2311 West El Segundo Boulevard, Hawthorne, California 90250—identified on the envelope and enclosed request as: "Request for Information Pertaining to Sunnyvale Central Core Redevelopment Project").

Ernest W. Hahn, Inc. has had extensive experience in the development and operation of major shopping centers in redevelopment projects in the State of California. These projects include: Fox Hills Mall, Culver City—a regional shopping center containing 927,000 square feet of gross leasable space which was opened in October of 1975; the Santa Maria TownCenter, Santa Maria—a two department store regional shopping center containing 442,000 square feet of leasable space, (the fully completed center was opened for business on July 1, 1976); the Hawthorne Plaza, Hawthorne—an 840,000 square-foot shopping center with three major department stores that opened on February 21, 1977, on schedule. In addition, the Hahn organization has entered into Disposition and Development Agreements or exclusive negotiating agreements for the construction of regional or sub-regional shopping centers in the cities of Pasadena, Redlands, Burbank, Fairfield, Long Beach, San Diego, Santa Monica and Santa Rosa, California (five of which are in redevelopment projects).

Ernest W. Hahn, Inc. received an award as "Outstanding Developer of the Year" in 1976, on the basis of a poll taken by *Shopping Center World* of department and chain stores. Specific determinants for the award included the demonstrated ability of

the Hahn organization to complete new shopping centers on schedule and to live up to other commitments to prospective tenants.

R. H. Macy & Co., Inc. is one of the nation's major corporations and most important retailers. This firm operates 75 stores under the Macy name in 10 states, and also operates other retail outlets (based on the annual report of R. H. Macy & Co., Inc. for the fiscal year ending July 31, 1976—copies of which may be obtained from the Executive Offices, 151 West 34 Street, New York, New York 10001). For the year ending July 31, 1976, R. H. Macy &

Co., Inc. reports net after tax earnings of more than \$42,970,000 and a stockholders' equity of more than \$348,800,000.

The Hahn and Macy organizations have been involved to a great extent in shopping center development, particularly in redevelopment project areas with respect to Ernest W. Hahn, Inc., and it is anticipated that the Project described in this official statement will be developed in a timely manner, and in accordance with the provisions of the Disposition and Development Agreement, as subsequently amended.

Sunnyvale has attracted a number of regional headquarters of banking and other financial institutions to the Project area.



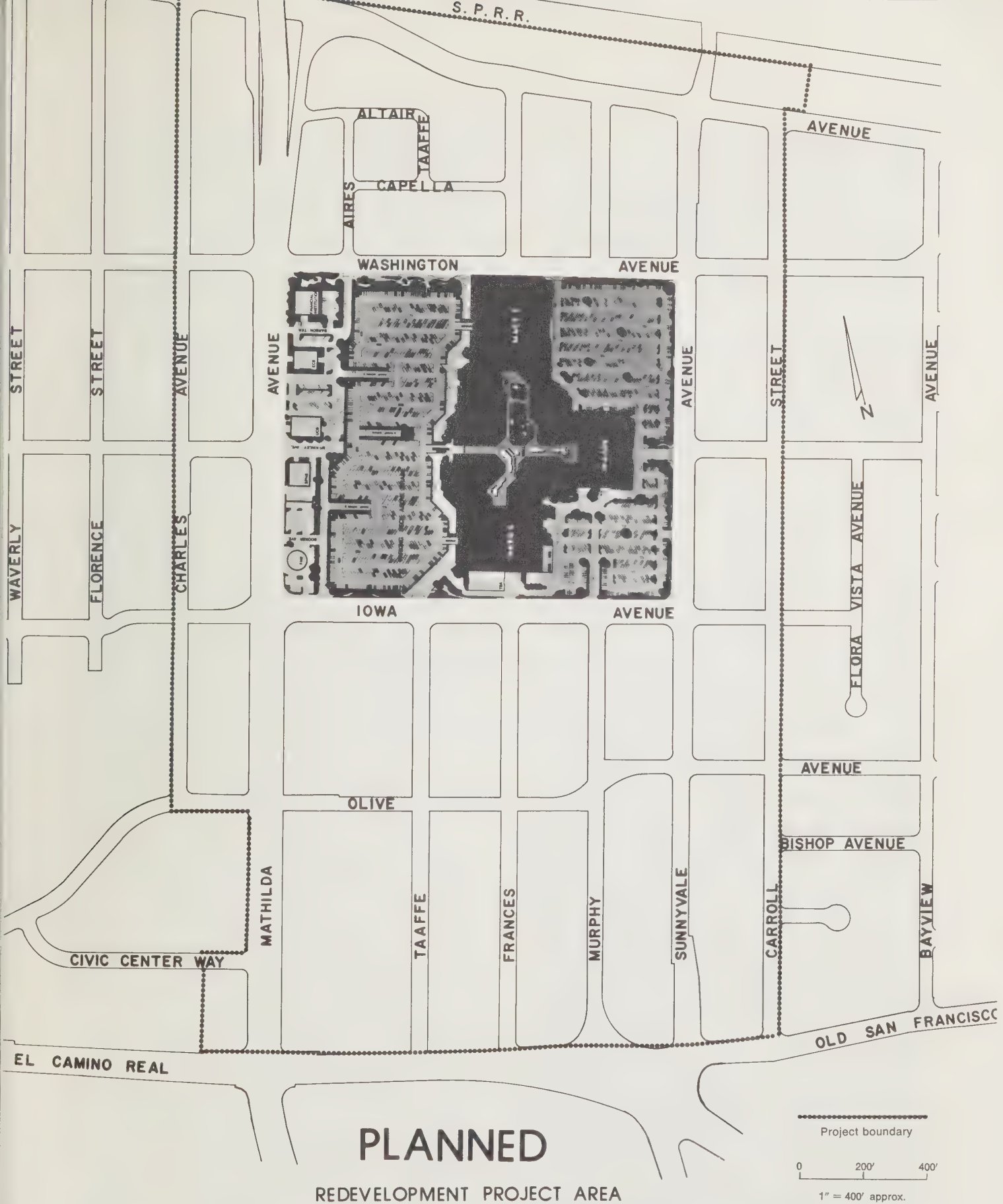


Diagram of the Project showing location of the Sunnyvale TownCenter and public parking facilities within the primary clearance area.

ESTIMATED REVENUES AND BOND RETIREMENT SCHEDULE

Estimated Tax Revenues and Net Revenues

All Tax Revenues (as previously defined) derived from the levy and collection of property taxes on any increase in the assessed valuation of land, improvements, public utility, personal and all other taxable property in the Project over and above the 1975/76 frozen base roll established by the county for such property are to be deposited in the Central Core Redevelopment Project Special Fund on and after May 1, 1977, and be applied by the Fiscal Agent to the payment of Bond interest and the making of Sinking Account deposits. If on each December 31, commencing December 31, 1980, the balance on deposit or to be deposited in the Accounts within the Special Fund exceeds Bond interest and Sinking Account deposits coming due or payable or deemed to be required within the then current fiscal year, the Fiscal Agent may, upon request, transfer such excess to the Agency under the conditions specified in the Resolution and discussed in "The Bonds" section of this official statement.

Each annual levy of property taxes is made at the then applicable rate, but for the purpose of estimating future Tax Revenues and presenting an estimated Bond retirement schedule, the projection of Tax Revenues available for payment of Bond interest and Sinking Account deposits is based on a reduction of a portion of the current 1976/77 tax rate applicable to the Project area. At present, property taxes applicable to the Project area are established by the county at \$10.638 per \$100 assessed valuation against all taxable property, and \$6.885 per \$100 assessed valuation against land and improvements only (excludes personal property, such as business inventories). The estimates of Tax Revenues presented in this official statement are based upon a continuation of the \$10.638 tax rate against all property, but forecast a reduction of the rate levied against land and improvements only to \$2.362 per \$100 assessed valuation (for a total rate of \$13 per \$100 assessed valuation). Since the Project is

now in the preliminary development phase, no incremental assessed valuation has been recorded on the county tax rolls. In fact, a net decline of \$364,575 has been recorded due to the closing of a 64,000 square-foot retail establishment which is to be acquired by the Agency. This reduction has, however, been provided for in the property acquisition program and projection of assessed valuations, since the property is already scheduled for purchase by the Agency.

In addition to the Tax Revenues, the Bonds are also secured by the above mentioned Net Revenues. Under the provisions of the Disposition and Development Agreement, the Developer agrees to pay \$5,500,000 for purchase of the Developer Parcel (as previously defined). Of such amount \$2,000,000 will be advanced (in accordance with an amendment to the Disposition and Development Agreement previously discussed) to the Agency for application towards property acquisition costs in lieu of issuing or using Bond proceeds for such purposes. The \$3,500,000 balance will be paid to the Agency at the time of transfer of title to the Developer (estimated at March 15, 1978), and will be treated as Net Revenues. Under the terms of the Resolution (and as described under the section hereof entitled "The Bonds"—"Redemption Provisions"), such Net Revenues will, if received, be applied to redemption of an authorized \$3,500,000 maximum principal amount of Bonds on or before May 1, 1980.

Payment of Bond interest and the making of Sinking Account deposits is contingent upon development of the Sunnyvale TownCenter, and to a lesser extent, the development of peripheral property. However, no projections as to the development of such peripheral property are included in this official statement, except for the construction of a proposed regional banking office. Any delays in completion of the shopping center, or any significant portion thereof (e.g., the third major department store, which has not yet been selected), could delay the receipt of Tax Revenues, and therefore impair the security of the Bonds. In order to provide for the timely development of the Project, and to assure that the required payments and deposits will be made for the benefit of the Bondholders, the Agency and the Developer have agreed (in accordance with an amendment to the Disposition and Development Agreement previously discussed) to the following schedule of major actions by both parties. The schedule should not be construed as being inflexible, but is indicative of the mutual objectives to be attained

by the Developer and the Agency in development of the Project as planned.

1. 4/19/77—Sale of 1977 Bonds concurrently with sale of \$11,200,000 of Series A Parking Lease Revenue Bonds by the Agency to finance companion portions of the Project.

2. 5/2/77—Delivery of both issues of bonds and payment of purchase price. Agency may at this time initiate actions for acquisition of property within the Project and begin making other authorized expenditures from proceeds of both bond issues.

3. By 3/15/78—All property acquisition proceedings complete; total acquisition price received from Developer (\$2,000,000 advance payment and \$3,500,000 final payment which will be applied to Bond redemption).

4. By 3/15/78—Agency issues its Series B Parking Lease Revenue Bonds, and authorizes commencement of construction of the parking structure.

5. By 4/15/78—Developer begins construction of Sunnyvale TownCenter.

6. By 6/30/78—Regional banking offices complete.

7. By 10/1/79—Construction of Public Parking Facilities is complete.

8. By 3/1/80—Construction of the Sunnyvale TownCenter is complete.

On the basis of the foregoing schedule, it is believed that the full assessed valuation of both the Sunnyvale TownCenter and the proposed regional banking office will be reflected on the tax rolls by the 1980/81 fiscal year (assuming a lien date for assessment to the owner of record as of March 1, 1980). Although completion of the shopping center is anticipated earlier than indicated above (October 1, 1979), the later date is used in the interests of a conservative approach. Assuming completion of the described development by March 1, 1980, incremental assessed valuations are as estimated in the following tabulation.

Based on the incremental assessed valuation and tax rates discussed above, it is estimated that the Project will generate Tax Revenues of approximately \$1,661,000 annually commencing in the 1980/81 fiscal year. Such revenues will cover estimated maximum annual interest (\$1,302,000) by about 1.28 times. Should the Agency redeem \$3,500,000 of Bonds between May 1, 1978 and May 1, 1980 from Net Revenues, as anticipated,

SUNNYVALE CENTRAL CORE REDEVELOPMENT PROJECT

Estimated Incremental Assessed Valuation

Frozen base assessed valuation (1975/76)	\$ 9,570,230 ①
Sunnyvale TownCenter (at completion)	14,699,000 ②
Regional banking office (at completion)	500,000 ②
Subtotal	<u>\$24,769,230</u>
Less: Assessed valuation of acquired property and decline in 1976 '77 valuation	(2,575,915) ③
Adjusted base-year valuation ..	(8,774,730) ④
Incremental Assessed Valuation	<u><u>\$13,418,585</u></u>

① As reported by the Santa Clara County Director of Finance.

② See page 24 hereof for such assessed valuations.

③ Agency estimate, based on parcel-by-parcel review of the County Assessor's records.

④ Frozen base valuation less valuation of property to be acquired for permanent public use and removed from tax rolls.

minimum Sinking Account deposits will be reduced to the amounts shown in Table 1 (and set forth in the Resolution). Following such redemption, estimated Tax Revenues will cover estimated annual interest and adjusted Sinking Account deposits by about 1.30 times through 1992, and at various higher ratios after 1993 (the first regular call date). In the event that the first redemption of \$3,500,000 does not take place (because of a delay in receipt of Net Revenues), estimated annual interest and basic Sinking Account deposits (see schedule on page 5 hereof) will amount to \$1,612,000 per year through May 1 of 1991 (and at various lesser amounts thereafter until maturity, except 1992 and 1993). Between 1981, the time of the first Sinking Account deposit, and 1992, estimated Tax Revenues would provide a coverage of approximately 1.03 times the estimated annual amount of \$1,612,000 (excluding interest earnings on investment of Sinking Account balances). The coverage factor would improve after the 1993 call from the accumulated Sinking Account balance.

As discussed in the Introduction to this official statement, the City and Agency have prepared a

series of independent projections of Project assessed valuations and Tax Revenues which include an inflation impact on such valuations and Revenues. These projections, presented herein as Appendix I, predict a higher level of Tax Revenues than estimated above, and also reflect incremental assessed valuations in 1978/79 and 1979/80 which represents the valuation assigned to the Sunnyvale TownCenter at partial completion.

Although the Sunnyvale TownCenter is designed for three major department stores, and it is the intention of the Developer that three such stores will locate in the shopping center, there is no assurance at this time that a third such major tenant will agree to occupy the proposed space. The Developer represents that it will use its best efforts to obtain a third major occupant, and fully intends that the Sunnyvale TownCenter will be completed as a regional shopping center with three major department stores as tenants (two of the proposed three being Macy's and Ward's). If the third major tenant is not obtained, the proposed structure for such tenant would not be built, and it is estimated that the incremental assessed valuation would be reduced by approximately \$1,326,000. The lower valuation would reduce estimated Tax Revenues by about \$174,000 per year, to \$1,487,000.

It should be noted that moneys in the Sinking Account will be invested in accordance with the provisions of the Resolution, and all earnings are to be retained in the Account until applied to the purchase or redemption of Bonds. Assuming an average rate of return on such invested funds of five percent per annum, it is believed that the Sinking Account balance will be increased by at least \$950,000 by the 1993 call date (based on adjusted Sinking Account deposits shown in Table 1).

Santa Clara County currently assesses taxable property within the Project at an average ratio of 26.5 percent of full value (except public utility property which is assessed by the State Board of Equalization at 25 percent of full value). In accordance with state statutory provisions any new construction (including utility property) must be assessed at 25 percent of full value. Property carried on the local secured, unsecured and utility rolls is assessed to the owner of record as of each March 1 preceding the fiscal year commencing the next following July 1. Unsecured property taxes are due on the lien date and are payable by the next following August 31, while local secured and utility property taxes are due, one-half, on November 1

and February 1 of each fiscal year and become delinquent on December 10 and April 10, respectively. Tax Revenues are currently allocated to redevelopment agencies in the county in the following manner: One-half by the last day of December in each fiscal year, and one-half by the last day of April in such fiscal year. The estimated Bond retirement schedule presented in the following section is based upon the foregoing schedule of tax allocations to the Agency.

Estimated Bond Retirement

Under the provisions of the Resolution, the Bonds mature on May 1, 2007, subject to Sinking Account deposits and call provisions (as discussed elsewhere herein). The Resolution permits withdrawal by the Agency of excess Tax Revenues from the Special Fund, subject to certain conditions precedent. The provisions of the Resolution require that the Fiscal Agent shall retain and accumulate each year in the Special Fund an amount equal to annual Bond interest and Sinking Account deposits each fiscal year before any disbursements may be made to the Agency. In addition, the Resolution requires that the Fiscal Agent increase the Reserve Account (established initially from Bond proceeds in an amount equal to maximum annual interest on the Bonds) to twice maximum annual interest from retained interest earnings on this Account. No disbursements of surplus funds may be made to the Agency unless the required deposits have been made to the Interest, Reserve, and Sinking Accounts.

An estimated schedule of debt retirement and cash flow is presented in Table 1, based on the following assumptions, and on assumptions and estimates discussed elsewhere herein.

1. Tax Revenues are estimated at \$1,661,000 per year.

2. Net Revenues will be applied to call and redemption of \$3,500,000 principal amount of Bonds by May 1, 1979.

3. Sinking Account deposits will be adjusted as permitted by the Resolution, following such redemption.

4. The interest rate applicable to the Bonds is estimated at 7¾ percent per annum.

5. Interest earnings on investment of funds, particularly moneys on deposit in the Sinking Account, are not reflected in Table 1. To the extent that such income is received, the retirement of principal through purchase or call will be accelerated over the schedules shown.

6. Application of the Reserve Account balance to final interest and principal payments is not reflected in Table 1.

On the basis of all estimates and assumptions set forth in this official statement, it appears that Tax Revenues to be generated from new developments discussed herein will, when completed, be sufficient to meet annual Bond interest and adjusted Sinking Account deposits with a margin of safety. However, to the extent that any such estimates and assumptions are not realized, receipt of Tax Revenues may be adversely affected, thus impairing the security of the Bonds. It is the intention, and in the best interests, of the Developer that the proposed Sunnyvale TownCenter be completed on schedule and as planned. Consequently, it is believed that Table 1 presents a reasonable estimate of Tax Revenues and an orderly retirement of the Bonds by their maturity date.

Table 1

REDEVELOPMENT AGENCY OF THE CITY OF SUNNYVALE

Estimated Bond Retirement and Cash Flow Schedule—1977 Bonds

Year Ending May 1,	Estimated Tax Revenues ^①	Bonds Outstanding May 1	Interest Estimated @ 7¼ %	Sinking Account Deposits ^②	Sinking Account Balance	Principal Retired May 1	Redemption Percent	Premium Amount	Estimated Debt Service	Annual Special Fund Balance ^④
1978	\$ —	\$16,800,000	\$ 1,302,000 ^⑥	\$ —	\$ —	\$ —			\$ 1,302,000	\$ —
1979	—	16,800,000	1,302,000 ^⑥	—	—	3,500,000 ^③	4 %	\$140,000	4,942,000	—
1980	—	13,300,000	1,030,750 ^⑥	—	—	—			1,030,750	—
1981	1,661,000	13,300,000	1,030,750	245,000	245,000	—			1,030,750	385,250
1982	1,661,000	13,300,000	1,030,750	245,000	490,000	—			1,030,750	385,250
1983	1,661,000	13,300,000	1,030,750	245,000	735,000	—			1,030,750	385,250
1984	1,661,000	13,300,000	1,030,750	245,000	980,000	—			1,030,750	385,250
1985	1,661,000	13,300,000	1,030,750	245,000	1,225,000	—			1,030,750	385,250
1986	1,661,000	13,300,000	1,030,750	245,000	1,470,000	—			1,030,750	385,250
1987	1,661,000	13,300,000	1,030,750	245,000	1,715,000	—			1,030,750	385,250
1988	1,661,000	13,300,000	1,030,750	245,000	1,960,000	—			1,030,750	385,250
1989	1,661,000	13,300,000	1,030,750	245,000	2,205,000	—			1,030,750	385,250
1990	1,661,000	13,300,000	1,030,750	245,000	2,450,000	—			1,030,750	385,250
1991	1,661,000	13,300,000	1,030,750	245,000	2,695,000	—			1,030,750	385,250
1992	1,661,000	13,300,000	1,030,750	260,000	2,955,000	—			1,030,750	370,250
1993	1,661,000	13,300,000	1,030,750	390,000		3,345,000 ^⑤	3½	117,075	4,492,825	123,175
1994	1,661,000	9,955,000	771,513	420,000		420,000	3¼	13,650	1,205,163	455,837
1995	1,661,000	9,535,000	738,962	450,000		450,000	3	13,500	1,202,462	458,538
1996	1,661,000	9,085,000	704,088	490,000		490,000	2¾	13,475	1,207,563	453,437
1997	1,661,000	8,595,000	666,112	520,000		520,000	2½	13,000	1,199,112	461,888
1998	1,661,000	8,075,000	625,813	560,000		560,000	2¼	12,600	1,198,413	462,587
1999	1,661,000	7,515,000	582,412	610,000		610,000	2	12,200	1,204,612	456,388
2000	1,661,000	6,905,000	535,138	655,000		655,000	1¾	11,463	1,201,601	454,399
2001	1,661,000	6,250,000	484,375	705,000		705,000	1½	10,575	1,199,950	461,050
2002	1,661,000	5,545,000	429,737	760,000		760,000	1¼	9,500	1,199,237	461,763
2003	1,661,000	4,785,000	370,838	820,000		820,000	1	8,200	1,199,038	461,962
2004	1,661,000	3,965,000	307,287	885,000		885,000	¾	6,638	1,198,925	462,075
2005	1,661,000	3,080,000	238,700	950,000		950,000	½	4,750	1,193,450	467,550
2006	1,661,000	2,130,000	165,075	1,025,000		1,025,000	¼	2,563	1,192,638	468,362
2007	1,661,000	1,105,000	85,638	1,105,000		1,105,000	0	—	1,190,638	470,362
			\$23,740,188			\$16,800,000		\$389,189	\$40,929,377	

① Based on estimated incremental assessed valuation of the Project, as discussed on page 32 of this official statement, and tax rates of \$10.638 per \$100/A. V. against all property and \$2.362 against land and improvements only.

② Assumes permitted reduction in Sinking Account Deposits as a result of advance redemption of \$3,500,000 of Bonds (see pages 5 and 31 hereof).

③ Maximum advance redemption permitted between May 1, 1978 and May 1, 1980 (see section entitled "Redemption Provisions", page 5).

④ Indicated annual balances are not cumulative and may be paid to the Agency after making interest payments and annual Sinking Account deposits each year.

⑤ Includes Sinking Account deposit.

⑥ Paid from Bond proceeds.

Note: The foregoing tabulation does not reflect interest earnings on invested funds, nor application of the Reserve Account balance to the final payments of interest and principal.

CITY ORGANIZATION, OPERATION, AND FINANCIAL DATA

The Bonds are not a debt of the City of Sunnyvale and the following city financial data are included only for the purposes of providing general information.

The City of Sunnyvale was incorporated as a general law city on December 24, 1912. On May 10, 1949 a freeholders charter was adopted which provided for the council-manager form of government. The city is governed by a seven-member City Council whose members are elected at large for four-year overlapping terms. The mayor is selected by the council from its members. Citizen boards and commissions required by the city charter include the Library Board, Parks and Recreation Commission, Planning Commission and Personnel Board. Other boards and committees are the Board of Building Code Appeals and the Central Business District Parking Advisory Committee.

Sunnyvale employs the council-manager form of government. A City Manager appointed by the

Council is responsible for implementing the policies of the Council. Mr. John E. Dever served in this capacity from 1967 through 1976, but assumed the position of City Manager with the City of Long Beach effective January 1, 1977. The Sunnyvale City Council retained Mr. Lee S. Ayres as City Manager and Executive Director of the Agency effective March 1, 1977, as previously discussed. The city has over 500 full-time employees.

Assessed Valuations

The city's assessed valuation is established by the Santa Clara County Assessor's office, except that the assessed valuation of utility property is established by the State Board of Equalization. The 1976/77 Santa Clara County assessed valuations average approximately 26.5 percent of full value, according to the State Board. The valuation of utility property was established at 25 percent of full value. Assessment ratios for 1975/76, the previous fiscal year, were 24.7 percent and 25 percent for locally and state assessed property, respectively.

Under the Constitution and Statutes of the State of California, two types of exemptions of property from ad valorem taxes became effective for the first time in the 1969/70 fiscal year. One of these currently exempts 50 percent of business inventories from ad valorem taxes. The other provides for an exemption of \$1,750 of the assessed valuation of an owner-occupied dwelling if the owner files for

CITY OF SUNNYVALE

Assessed Valuations

Assessment Roll	Net Assessed Valuation	Business Inventories and Homeowners' Exemptions	Assessed Valuation for Revenue Purposes
For 1976/77:			
Local Secured	\$403,900,289	\$38,031,967	\$441,932,256
Utility	16,082,570	—	16,082,570
Unsecured	95,233,100	24,571,270	119,804,370
Total	\$515,215,959	\$62,603,237	\$577,819,196
For Prior Years:			
1975/76	\$455,124,351	\$60,637,866	\$515,762,217
1974/75	393,516,142	55,048,924	448,565,066
1973/74	351,743,698	44,238,725	395,982,423
1972/73	350,093,540	19,745,220	369,838,760
1971/72	324,923,420	18,290,790	343,214,210

the exemption. The revenue estimated to be lost to each taxing entity as a result of these exemptions is reimbursed in full to the taxing entity from state funds, without any deduction for delinquencies. The reimbursement is based upon total taxes which would be due on the assessed valuation of the property qualifying for these exemptions. The preceding tabulation summarizes the city's 1976/77 assessed valuation by tax roll and presents total values for each of the previous five years, as reported by the County Director of Finance.

Tax Rates

The city charter sets a tax rate limit of \$1.00 per \$100 taxable assessed valuation for general government purposes. This limit may be exceeded for a specified period of time if approved by two-thirds of the electorate. At present, the general purpose tax rate is 77½ cents per \$100 assessed valuation. A special levy, not to exceed the aggregate amount of \$0.35 per \$100 taxable assessed valuation, is permitted by the city charter for the following specific purposes: parks, recreation, city planning, libraries, advertising, and emergency care and relief of needy persons. All special levies not authorized by the electorate are subject to limitations contained in legislation adopted by the State legislature.

Property taxes for general obligation bond service may be levied without limit as to rate or amount. Provision is also made in the charter for other permissive levies to meet the costs of judgments against the city and obligations of the city to the State Employees' Retirement System.

Over the past decade, the city's total tax rate per \$100 taxable assessed valuation has ranged from a

high of \$1.370 in 1961/62 to a low of \$1.14 in 1976/77 (including a \$0.775 levy for general fund purposes).

There are 86 tax code areas in the city. In the current tax year, the tax rate for all property in these code areas ranges from \$9.290 to \$11.566 per \$100 assessed valuation. The tabulation below shows a breakdown of the 1976/77 tax rate applicable to the city's largest tax code area, 9-042, which has a taxable assessed valuation of \$109,641,213, or over 21 percent of the city's total taxable assessed valuation.

CITY OF SUNNYVALE

Tax Code Area 9-042

Representative 1976/77 Tax Rate

Entity or Purpose	Tax Rate
County of Santa Clara	\$ 2.471
City of Sunnyvale	1.140
Education	6.484
Mid-Peninsula Regional Park District ..	.100
Santa Clara Valley Water127
El Camino Hospital District299
Bay Area Air Pollution Control District	.017
Rate, All Property	\$10.638
Land and Improvements only:	
Santa Clara Valley Water D Fund070
Santa Clara Valley Water D Zone W-4	.018
Flood Control—N. Central Bond047

Source: County Director of Finance.

Sunnyvale City Hall.



Tax Collections and Delinquencies

Santa Clara County collects the city's property taxes in two installments which are due each November 1 and March 1. Unpaid installments become delinquent on December 10 and April 10 respec-

tively. As shown in the following summary, the relatively low ratios of tax delinquencies, averaging only 0.82 percent over the most recent five-year period, have resulted in nearly complete collection of the city's tax levy.

City Assessed Valuations, Tax Rates, Levies and Delinquencies^①

Fiscal Year	Assessed Valuation ^②	General City Tax Rate	General City Tax Levy ^③	Amount Delinquent June 30	Percent Delinquent June 30	Total Collections June 30 ^④	Total Percent Collected
1971/72	\$324,923,420	\$1.31	\$4,226,946	\$31,084	0.73%	\$4,277,575	100.25%
1972/73	350,093,540	1.31	4,570,907	48,072	1.05	4,559,973	99.76
1973/74	351,743,698	1.31	4,613,945	30,771	.67	4,636,931	100.50
1974/75	393,516,142	1.31	5,222,762	46,530	.89	5,206,356	99.69
1975/76	455,124,351	1.18	5,547,206	41,747	.75	5,530,139	99.69

① Based on 1971/72-1975/76 City Annual Financial Reports.

② Net taxable assessed valuation.

③ Excludes state-reimbursed exemptions.

④ Includes redemptions for prior years.

Largest Taxpayers

The city's largest taxpayers, with the amount of secured taxes payable to all taxing entities during the current tax year, are listed below.

CITY OF SUNNYVALE

Largest Taxpayers—1976/77

Company	Business	Total Secured Taxes
Pacific Telephone Co.	Utility	\$13,342,027
Pacific Gas and Electric Co.	Utility	7,026,134
Hewlett-Packard Co.	Electronics Manufacturer	2,811,063
Lockheed Missiles and Space Co.	Missiles, Research and Development	2,734,552
Prudential Insurance Co.	Real Estate Developer	1,036,192
National Semiconductor	Electronics Manufacturer	918,307
Western California Telephone Co.	Utility	855,866
Signetics Corporation	Electronics Manufacturer	769,395
Southern Pacific Transportation Co.	Transportation	733,447
Westinghouse Electric Corp.	Marine Products	532,386
California Cannery and Growers	Food Packing	461,431
Libby McNeil & Libby	Food Packing	380,108

Source: County Department of Finance.

Revenues, Expenditures and Fund Balances

The city uses the accrual basis of accounting for all enterprise and intragovernmental service funds. The modified accrual basis of accounting is utilized for the General Fund, special revenue funds, and Parking District Fund. A planning, programming, budgeting system (the "PPB System") was adopted and put into effect by the city as of July 1, 1968. The PPB System is designed to relate effort to impact in a way that assists policy development. Each program in the Resource Allocation Plan (Budget), for example, shows actual costs for four previous years, the proposed cost for the coming year, and the projected cost for the next seven years. Each program also has an over-all objective, quality goal (effectiveness measures), production work (work program), production units, unit costs and total costs. Graphs depict productivity and cost trends over 12 years.

A summary of city revenues and expenditures (excluding intra-governmental and special assessment funds) for the most recent five-year period and budgeted revenues and expenditures for 1976/77 are presented on page 39. A consolidated statement of fund balances for all city funds as of June 30, 1976 is shown below. Additional information pertaining to historical and budgeted financial data is on file with the City of Sunnyvale, and copies of the Annual Financial Reports and 1976/77 Resource Allocation Plan (Budget) may be requested by any interested party.

Unappropriated cash balances for all city operating funds subject to PPB System procedures at June 30, 1976 totaled \$1,843,126, compared with \$1,867,840 at June 30, 1975.

Pension Plan

All regular city employees are enrolled in the State of California Public Employees' Retirement System. Public safety employees are under the 2%—age 50 plan, while miscellaneous employees are under the 2%—age 60 plan. The city makes a bi-weekly payment to the state covering its current and prior service costs. During the 1975/76 fiscal year, the city contributed \$1,212,860 to the state plan.

The city has an unrecorded liability for miscellaneous employees' prior service, the cost being presently liquidated at the annual rate of 4% of members' salaries, with full liquidation on June 30, 2000. For public safety employees, the unrecorded prior service liability is being liquidated at 1.453% of members' salaries to June 30, 1977. The excess, if any, of the actuarially computed value of vested benefits over the pension fund total and accruals is not available.

California Public Employees Retirement System (PERS)

The State of California Public Employees' Retirement System was originally established in 1931. The System is governed by an eleven member Board of

CITY OF SUNNYVALE

Statement of Fund Balances

Year Ended June 30, 1976

Name of Fund	Balances As of June 30	Amount Committed	Amount Unappropriated
General Fund	\$ 8,361,572	\$ 7,885,395	\$ 476,177
Parking District Fund	2,033,188	2,031,100	2,088
Special Revenue Funds	987,523	987,523	—
Enterprise Funds	16,772,257	15,407,396	1,364,861
Totals	\$28,154,540	\$26,311,414	\$1,843,126
Intra-Governmental Service Funds	2,043,618	1,775,721	267,897
Special Assessment District Funds	53,471	53,471	—

Source: City Annual Financial Report for the 1975/76 fiscal year.

Administration. Administrative functions are carried out under the direction of an Executive Officer with a current staff of approximately 475. As of June 30, 1975, there were 535,786 members of which approximately 10% are classified as "safety" members (principally fire and police duties) and the balance are classified as "miscellaneous" members (management, administrative, staff, operational and clerical employees).

Approximately 33% of the members are state personnel and the balance (67%) are local government personnel. As of June 30, 1975, the System provided retirement, death and survivor benefits under 901 contracts for about 1,900 public agency employers (cities, counties, and other public agencies) with 356,517 members. The System's funding is by employer and employee contributions together with investment income.

CITY OF SUNNYVALE

Summary of Revenues and Expenditures

All Funds (Excluding Intra-governmental and Special Assessment Funds)

	1971/72	1972/73	1973/74	1974/75	1975/76	Estimated 1976/77
Revenues						
Property taxes	\$ 4,676,798	\$ 4,978,980	\$ 5,069,709	\$ 5,620,002	\$ 5,983,265	\$ 6,364,720
Sales taxes	2,086,005	2,332,302	2,962,657	3,346,666	3,841,758	4,035,412
Utility users tax	244,246	258,474	292,338	391,074	780,804	861,165
Other taxes	384,588	450,419	508,000	448,609	867,202	731,840
Licenses and permits ..	234,475	197,030	238,441	201,944	235,773	211,656
Intergovernmental—						
Federal	51,800	1,204,092	1,270,551	1,258,520	4,490,365	8,908,876
Intergovernmental—						
State	2,420,332	2,565,766	3,103,144	3,327,300	3,995,792	4,445,030
Intergovernmental—						
Other	131,921	251,622	207,077	158,879	53,445	166,175
Charges for services ..	8,909,623	7,292,155	8,235,204	9,308,653	11,029,469	10,203,338
Fines and forfeitures ..	222,074	259,276	221,161	215,162	200,715	207,912
Other revenues	670,850	1,040,669	934,323	1,073,055	1,108,141	746,364
Cash balances on hand	①	①	①	①	①	9,278,790
Total revenues② .	\$20,032,712	\$20,830,785	\$23,042,605	\$25,349,864	\$32,586,729	\$46,161,278
Operating Expenditures						
Protective services	\$ 3,753,581	\$ 4,338,614	\$ 4,647,331	\$ 5,413,380	\$ 6,512,976	\$ 7,662,250
Environmental services	5,955,414	6,366,162	7,048,707	7,601,206	8,803,552	10,637,940
Community and cultural						
services	1,376,606	1,576,999	1,966,524	2,186,769	3,816,216	4,562,963
Support services	821,747	873,505	981,832	1,109,192	1,131,083	1,406,961
Legislative and legal						
services	191,416	210,930	212,130	223,660	255,695	283,097
Subtotal	\$12,098,764	\$13,366,210	\$14,856,524	\$16,534,207	\$20,519,522	\$24,553,211
Debt service	2,776,058	2,758,121	2,757,094	2,854,199	2,919,264	2,880,567
Projects and capital outlay	4,845,989	3,336,871	5,142,275	5,515,376	7,732,695	11,991,112
Total expenditures	\$19,720,811	\$19,461,202	\$22,755,893	\$24,903,782	\$31,171,481	\$39,424,890

① Not applicable in years so indicated.

② 1973/74 bond proceeds of \$2,450,000 excluded.

Note: This Summary of Revenues and Expenditures was prepared by Stone & Youngberg Municipal Financing Consultants, Inc. especially for this official statement on the basis of data contained in City Annual Financial Reports for the indicated years, and the City Resource Allocation Plan (Budget) for the fiscal year 1976/77.

Contributions fluctuate yearly depending on the number of members and their respective salary schedules. The annual contribution by the State of California for the 1974 and 1975 fiscal years, as reported by the State Controller was \$162,649,578 and \$231,057,854, respectively.

The System's financial statements are prepared on an accrual basis of accounting and the System's auditor is Coopers and Lybrand, Sacramento, California. Citicorp Investment Management, Inc., San Francisco, provides investment advisory services. The System's actuarial activities are conducted internally on a continuous basis, with an experience analysis being conducted no less than every four years by an independent actuary. Benefit Technology of Santa Clara, California is presently retained in this capacity, and is expected to review the actuarial status of the System in 1977.

At June 30, 1975 (latest information available), PERS had an accrued actuarial liability of \$12,689,816,069 and net assets available for benefits amounting to \$6,966,356,482, according to the auditors. Comparable figures at June 30, 1974 were \$11,112,165,166 and \$6,204,166,779, respectively. The June 30, 1975 unfunded obligation of \$5,723,459,587 does not take into account the provisions of Chapter 187, Statutes of 1975 (Amended Section 20741 of the California Government Code, and repealed Sections 20750.88 and 20750.91 of said Code), which called for a new increased contribution rate by the state with respect to state miscellaneous members.

The amount of the respective unfunded liabilities will vary from time to time depending upon the actuarial assumptions utilized, rates of return, and salary scales. Present System policy is designed to satisfy the unfunded obligation by the year 2000. Further information is available from Public Employees Retirement System, P.O. Box 1953, Sacramento, California 95809.

Outstanding Bonded Debt

As of the date of this official statement, the City of Sunnyvale has a total outstanding general obligation bonded indebtedness of \$11,315,500, consisting of 16 separate issues, the proceeds of which were used to finance various municipal improvements and public facilities. These bonds were issued at various times between 1941 and 1971, and the last issue will be fully retired in 1988. A schedule of

general obligation bonds payable as of June 30, 1976 is presented in Table 2 on page 42, while a schedule of future aggregate annual general obligation bond debt service payments is included in Table 3 on page 43.

Other bonded indebtedness incurred by, on behalf of, or in the name of the City of Sunnyvale amounted to an aggregate sum of \$14,289,657 as of the date of this official statement. Of this amount, \$5,779,657 is represented by special assessment bonds, which are not a debt of the city, and the remaining \$8,510,000 principal amount of such additional indebtedness is composed of revenue bonds or special obligations as follows: (1) Revenue bonds paid solely from the income of the facility financed with bond proceeds; (2) so-called "Plan E" bonds paid from general city revenues and from water and sewer revenues; and (3) parking district bonds paid from the proceeds of a special tax levied against all property within the benefiting area of the parking district (which includes a portion of the Project area). The outstanding parking district bonds may be refunded within the next 24 months from proceeds of proposed Series B Lease Revenue Bonds of the Agency, as previously discussed. Special assessment bonds issued under the provisions of the Improvement Bond Act of 1915 constitute a contingent obligation of the city to levy an additional tax of up to 10 cents per \$100 assessed valuation throughout the entire city in the event that delinquent assessment payments, if any, are not offset from repayment of such delinquencies, applications of city-held debt service reserves, or foreclosure and sale of such delinquent property at public sale. Future annual debt service requirements for all such indebtedness is presented in Table 3, and a five-year history of all city debt outstanding as of the close of the respective fiscal years is shown in Table 2.

A statement of direct and overlapping tax-supported bonded indebtedness of the City of Sunnyvale as of April 12, 1977 is presented in Table 4, on page 44. The legal debt margin of the city, as of June 30, 1976, based on the provisions of Section 1308 of the Sunnyvale City Charter, is summarized in the tabulation on the next page.

The Director of Finance of the City of Sunnyvale reports that the city has never defaulted in the payment of interest or principal on general obligation or revenue bonded indebtedness, and has never issued any refunding bonds to either avoid or cure a default.

CITY OF SUNNYVALE**Schedule of Legal Debt Margin****June 30, 1976**

Total Assessed Value (Before all exemptions)		\$518,177,540
Debt limit—15% of total assessed value		<u>\$ 77,726,631^①</u>
Amount of debt applicable to debt limit:		
Total bonded debt		\$ 27,915,881
Less: Assets in debt service reserve	\$ 258,168 ^②	
Other deductions allowed by law:		
Special assessment bonds	6,385,381	
Revenue bonds	5,385,000	
Parking district bonds	2,455,000	
Plan "E" other than parking bonds	1,030,000	\$ 15,513,549
Total amount applicable to debt limit		<u>\$ 12,402,332</u>
Legal Debt Margin		<u>\$ 65,324,299</u>

① Section 1308 of the City Charter of the City of Sunnyvale states: "The bonded indebtedness of the City may not in the aggregate exceed the sum of fifteen percent (15%) of the total assessed valuation of the property within the City, exclusive of any indebtedness that has been or may hereafter be incurred for the purposes of acquiring, constructing, extending, or maintaining municipally owned utilities, for which purposes a further indebtedness may be incurred by the issuance of bonds, subject only to the provisions of the State Constitution and of this Charter."

② Principal only applicable to general bonded debt.

Source: City Annual Financial Report, June 30, 1976.

Table 2

CITY OF SUNNYVALE

Outstanding Bonded and Other Debt

Source of Support

Fiscal Years 1971/72-1975/76

June 30	Supported by	Bonded Debt ^①					Other Long-Term Debt ^②	Total Debt
		General Obligation	Plan "E" Other Than Parking	Revenue	Parking District	Total		
1972	General city revenues	\$14,302,278.50	\$ 400,000.00	\$ —	\$ —	\$14,702,278.50	\$ —	\$14,702,278.50
	Parking district revenues	—	—	—	2,800,000.00	2,800,000.00	41,273.93	2,841,273.93
	Water revenues	1,251,845.00	540,000.00	380,000.00	—	2,171,845.00	—	2,171,845.00
	Sewer revenues	1,807,255.00	540,000.00	3,125,000.00	—	5,472,255.00	—	5,472,255.00
	Golf revenues	894,121.50	—	—	—	894,121.50	—	894,121.50
	Outstanding debt June 30, 1972 ...	<u>\$18,255,500.00</u>	<u>\$1,480,000.00</u>	<u>\$3,505,000.00</u>	<u>\$2,800,000.00</u>	<u>\$26,040,500.00</u>	<u>\$41,273.93</u>	<u>\$26,081,773.93</u>
1973	General city revenues	\$13,226,921.50	\$ 320,000.00	\$ —	\$ —	\$13,546,921.50	\$ —	\$13,546,921.50
	Parking district revenues	—	—	—	2,715,000.00	2,715,000.00	40,911.68	2,755,911.68
	Water revenues	1,202,495.00	515,000.00	360,000.00	—	2,077,495.00	—	2,077,495.00
	Sewer revenues	1,641,685.00	515,000.00	3,035,000.00	—	5,191,685.00	—	5,191,685.00
	Golf revenues	856,898.50	—	—	—	856,898.50	—	856,898.50
	Outstanding debt June 30, 1973 ...	<u>\$16,928,000.00</u>	<u>\$1,350,000.00</u>	<u>\$3,395,000.00</u>	<u>\$2,715,000.00</u>	<u>\$24,388,000.00</u>	<u>\$40,911.68</u>	<u>\$24,428,911.68</u>
1974	General city revenues	\$12,100,958.50	\$ 240,000.00	\$ —	\$ —	\$12,340,958.50	\$ —	\$12,340,958.50
	Parking district revenues	—	—	—	2,630,000.00	2,630,000.00	40,523.20	2,670,523.20
	Water revenues	1,153,145.00	490,000.00	340,000.00	—	1,983,145.00	—	1,983,145.00
	Sewer revenues	1,476,115.00	490,000.00	2,935,000.00	—	4,901,115.00	—	4,901,115.00
	Golf revenues	815,281.50	—	2,450,000.00	—	3,265,281.50	—	3,265,281.50
	Outstanding debt June 30, 1974 ...	<u>\$15,545,500.00</u>	<u>\$1,220,000.00</u>	<u>\$5,725,000.00</u>	<u>\$2,630,000.00</u>	<u>\$25,120,500.00</u>	<u>\$40,523.20</u>	<u>\$25,161,023.20</u>
1975	General city revenues	\$10,969,995.50	\$ 200,000.00	\$ —	\$ —	\$11,169,995.00	\$ —	\$11,169,995.50
	Parking district revenues	—	—	—	2,545,000.00	2,545,000.00	40,106.70	2,585,106.70
	Water revenues	1,103,795.00	465,000.00	320,000.00	—	1,888,795.00	—	1,888,795.00
	Sewer revenues	1,310,545.00	465,000.00	2,830,000.00	—	4,605,545.00	—	4,605,545.00
	Golf revenues	773,664.50	—	2,410,000.00	—	3,183,664.50	—	3,183,664.50
	Outstanding debt June 30, 1975 ...	<u>\$14,158,000.00</u>	<u>\$1,130,000.00</u>	<u>\$5,560,000.00</u>	<u>\$2,545,000.00</u>	<u>\$23,393,000.00</u>	<u>\$40,106.70</u>	<u>\$23,433,106.70</u>
1976	General city revenues	\$ 9,766,481.50	\$ 160,000.00	\$ —	\$ —	\$ 9,926,481.50	\$ —	\$ 9,926,481.50
	Parking district revenues	—	—	—	2,455,000.00	2,455,000.00	39,660.03	2,494,660.03
	Water revenues	1,037,995.00	435,000.00	300,000.00	—	1,772,995.00	—	1,772,995.00
	Sewer revenues	1,131,775.00	435,000.00	2,720,000.00	—	4,286,775.00	—	4,286,775.00
	Golf revenues	724,248.50	—	2,365,000.00	—	3,089,248.50	—	3,089,248.50
	Outstanding debt June 30, 1976 ...	<u>\$12,660,500.00</u>	<u>\$1,030,000.00</u>	<u>\$5,385,000.00</u>	<u>\$2,455,000.00</u>	<u>\$21,530,500.00</u>	<u>\$39,660.03</u>	<u>\$21,570,160.03</u>

① Does not include fixed lien assessment bonds.

② Miscellaneous contractual payments.

Source: City Annual Financial Report, June 30, 1976.

Table 3
CITY OF SUNNYVALE
All Bonds
Summary of Debt Service Requirements to Maturity—As of June 30, 1976

Fiscal Year Ended June 30	Special Assessment Bonds①	Revenue Bonds	Parking District Bonds	Plan "E" Other Than Parking Bonds	General Obligation Bonds	Total
1977	\$ 855,394.85	\$ 528,900.00	\$ 206,705.00	\$ 149,801.00	\$ 1,991,921.25	\$ 3,732,722.10
1978	846,774.77	526,300.00	202,637.50	125,097.00	1,857,252.50	3,558,061.77
1979	832,855.11	528,000.00	213,260.00	130,930.50	1,690,220.00	3,395,265.61
1980	813,422.69	528,543.75	218,285.00	126,501.50	1,486,710.00	3,173,462.94
1981	773,437.02	528,281.25	212,966.25	122,072.50	1,377,267.50	3,014,024.52
1982	643,216.50	527,448.75	212,491.25	127,381.00	1,324,605.00	2,835,142.50
1983	615,624.75	530,320.00	216,731.25	122,427.00	1,243,642.50	2,728,745.50
1984	500,020.25	531,875.00	210,773.75	107,587.50	1,071,695.00	2,421,951.50
1985	505,635.75	532,088.75	204,816.25	102,862.50	1,035,391.25	2,380,794.50
1986	491,903.75	532,006.25	182,577.50	107,875.00	1,063,231.25	2,377,593.75
1987	489,094.25	531,988.75	146,910.00	102,625.00	666,205.00	1,936,823.00
1988	480,141.00	501,412.50	146,663.75	—	284,477.50	1,412,694.75
1989	359,152.50	499,870.00	146,155.00	—	271,492.50	1,276,670.00
1990	344,335.00	504,457.00	111,336.25	—	—	960,128.25
1991	260,883.75	199,760.00	107,718.75	—	—	568,362.50
1992	41,250.00	197,430.00	70,400.00	—	—	309,080.00
1993	—	199,840.00	73,950.00	—	—	273,790.00
1994	—	201,580.00	72,450.00	—	—	274,030.00
1995	—	197,600.00	70,950.00	—	—	268,550.00
1996	—	198,322.50	69,450.00	—	—	267,772.50
1997	—	560,175.00	72,900.00	—	—	633,075.00
1998	—	—	71,300.00	—	—	71,300.00
1999	—	—	69,700.00	—	—	69,700.00
2000	—	—	73,050.00	—	—	73,050.00
2001	—	—	71,350.00	—	—	71,350.00
2002	—	—	74,600.00	—	—	74,600.00
2003	—	—	72,800.00	—	—	72,800.00
2004	—	—	75,950.00	—	—	75,950.00
TOTAL	\$8,853,141.94	\$9,086,199.50	\$3,678,877.50	\$1,325,160.50	\$15,364,111.25	\$38,307,490.69

① Not a debt of the city. Assessment bonds represent liens against property, and are paid from annual assessments. The city may have a limited, contingent liability in the event of default in payment by property owners, as discussed on page 40 hereof.

Source: City Annual Financial Report, June 30, 1976.

Table 4
CITY OF SUNNYVALE
Statement of Direct and Estimated Overlapping Bonded Debt

Population (1/1/76)	103,500 ^①
1976/77 Assessed Valuation	\$ 577,819,196
Estimated Market Value	\$2,184,000,000 ^②

Entity	Percent Applicable	Debt Applicable April 12, 1977 ^③
Santa Clara County and County Authorities	10.242%	\$ 9,856,616
Santa Clara County Flood Control District NC-1	28.903	2,929,319
Santa Clara County Flood Control District NW-1	2.609	55,807
Santa Clara County Flood Control District W-1	10.750	4,267,213
Santa Clara County Water Conservation District	11.533	89,727
Foothill Community College District	25.037-25.153	3,775,483
Cupertino Union School District (various issues)	17.130-19.971	1,394,884
Jefferson Union School District (various issues)	19.543-21.066	305,578
Los Altos School District373- .647	5,189
Mountain View School District	14.586-29.948	225,612
Sunnyvale School District	99.052-99.357	3,792,123
Alviso School District231	263
Fremont Union High School District	45.935-51.456	5,568,003
Mountain View Union High School District	6.054-10.322	124,632
Santa Clara Union High School District	13.452-15.446	877,306
Santa Clara Unified School District	13.920	176,896
City of Sunnyvale	100.	11,315,500
City Parking Districts	100.	2,365,000
City Plan E Water, Sewer and Drainage	100.	950,000
Cupertino Sanitary District	5.468	65,069
El Camino Hospital District	39.432-39.724	1,169,580
TOTAL GROSS DIRECT AND OVERLAPPING BONDED DEBT		\$49,309,800
Less: Santa Clara Co. Water Conservation District (100% self-supporting)		89,727
Santa Clara Co. Flood Control District (100% self-supporting)		4,267,213
City water and sewer bonds (100% self-supporting)		1,973,720
City Plan E Bonds (100% self-supporting)		950,000
TOTAL NET DIRECT AND OVERLAPPING BONDED DEBT		\$42,029,140

	Ratio to		
	1976/77 Assessed Valuation	Estimated Market Value	Per Capita
1976/77 Assessed Valuation	100. %	②	\$5,583
Gross Total Debt	8.53	2.26%	476
Net Total Debt	7.27	1.92	406
Gross Direct Debt	2.53	.67	141
Net Direct Debt	2.03	.54	113

① Source: State Department of Finance as of January 1, 1976.

② Based on assessment ratios discussed on page 35 of this official statement.

③ Excludes revenue bonds, 1915 Act Assessment Bonds (\$5,779,657), The 1977 Bonds now being offered by the Agency (\$16,800,000), and Series A Parking Lease Revenue Bonds being offered concurrently by the Agency (\$11,200,000).

City's Share of Authorized and Unsold Bonds:
City of Sunnyvale \$850,000
Cupertino Union School District .. 553,299
Mountain View School District 369,755

City's Share of State School Building Aid Repay-
able as of June 30, 1976:
\$8,037,983

THE CITY AND ITS ECONOMY

The City of Sunnyvale is located in the northwest portion of Santa Clara County, approximately 40 miles south of San Francisco and 360 miles north of Los Angeles. City limits encompass about 24 square miles. The city's present population is in excess of 103,000.

Initially the city's development was tied closely to the agriculturally-oriented economy of Santa Clara County. The city's economic base is now very diversified as a broad cross-section of new industrial facilities have located in and expanded the city's several planned industrial parks.

Sunnyvale's economic growth has closely paralleled that of Santa Clara County, the San Francisco Bay Area's foremost manufacturing center. Wages paid to manufacturing employees in Santa Clara County exceeded \$2 billion during 1974, according to the California Employment Development Department. The County has attracted a wide spectrum of manufacturing industries in the aerospace, electrical machinery, food products, container, and research and development industries.

Excellent transportation facilities link Sunnyvale and Santa Clara County to other industrial, commercial, and distribution centers in the Bay Area, state, and far west regions. San Francisco International Airport, San Jose Municipal Airport, and Oakland International Airport are all conveniently accessible to the city, as are the ports of San Francisco, Oakland, and Redwood City.

The San Francisco-Oakland Bay Area is the financial and commercial center of the far west. The headquarters of the Twelfth Federal Reserve District and four of the nation's largest banks are located in San Francisco. The Bay Area also serves as the international, or regional headquarters for major corporations in the petroleum, agricultural, paper, insurance, manufacturing, transportation, retailing, and utility industries. The headquarters of 25 of the largest corporations in the United States, including five of the largest transportation companies and two of the largest utilities, are located in the Bay Area.

Although still closely tied to the San Francisco-Oakland commercial and industrial complex, the San Jose Metropolitan Area (Santa Clara County) is rapidly developing its own distinct regional economy at the southern end of San Francisco Bay. Sunnyvale, located between Palo Alto and San Jose, is favorably situated to participate in this regional growth.

Population, Housing, and Income

The city's estimated population at January 1, 1976 was 103,500, a gain of 7,524 from the 1970 Federal census. This modest increase contrasts sharply with the high rates of population growth in the fifties and sixties. During that period Sunnyvale's growth was considerably greater than the county's, as shown in the tabulation below.

In the future, it is anticipated that Sunnyvale's rate of population gain will be lower than that of Santa Clara County. Future growth of the city is expected to involve the annexation of relatively small unincorporated areas that border the city. As residentially-zoned land is developed, the growth rate of the city's population is expected to be moderate.

The 1970 Census of Housing reported 31,498 housing units in the city. Sixty percent were single family dwellings, with a median owner-occupied

CITY AND COUNTY POPULATION

Year	City of Sunnyvale	Percent Change	Santa Clara County	Percent Change
1950	9,829	—	290,549	—
1960	52,898	438.2%	642,315	121.1%
1970	95,976	81.4	1,065,313	65.9
1976	103,500	7.8	1,178,000	10.6

Sources: 1950-70: U.S. Census Bureau; 1976: State Department of Finance.

value of \$29,200 (compared with a county median of \$27,300). Since 1970 approximately 7,800 housing units have been built in the city. Over 70 percent of this new residential construction consisted of multi-family units. In the January-September 1976 period, the average permit value for new multiple units in Sunnyvale was \$18,188, compared with a county average permit value of \$18,809.

Residents of Sunnyvale have relatively high incomes. The 1976 Survey of Buying Power (Sales Management) reports that the median household effective buying income was \$17,765 in 1975, compared with \$16,804 in the San Jose Metropolitan Area (Santa Clara County), which ranks seventh highest among all metropolitan counties in the nation for this economic indicator. Over 62 percent of all Sunnyvale households had an effective buying income of \$15,000 or more in 1975, according to the Survey of Buying Power.

Employment and Industry

Economic growth in Sunnyvale and Santa Clara County has been stimulated by the steady expansion of employment opportunities. From 1971 through 1975, the number of employed county residents increased from 431,000 to 525,000, an average annual growth of more than 23,000 employed persons.

During the same period, nonagricultural wage and salary jobs in the county expanded from 378,900 to 469,100, with manufacturing accounting for more than one-third of the increased employment level. Santa Clara County now ranks as the Bay Region's leading industrial center. The county has more than 40 industrial plants each with over 500 employees.

Growth of employment has been greatest in the electrical equipment, electronics and machinery categories. Among the larger firms are Lockheed Missiles and Space Company, Fairchild Camera and Instrument Corporation, Western Electric Company, Hewlett-Packard Company, General Electric Company, Signetics Corporation, Westinghouse Electric Corporation, Raytheon Company, FMC Corporation, and Varian Associates.

The county's industrial base is balanced by a broad spectrum of other industries which are related to general business, research and development, and agriculture. Major employers in these sectors include International Business Machines Corporation, FMC Corporation, Ford Motor Company, Eastman Kodak Company, Kaiser Cement and Gypsum Corporation, International Paper Company, Owens-Corning Fiberglas Corporation, Stauffer Chemicals, San Jose Steel Corporation, and Owens-Illinois Corporation.

As of September 1976 total civilian employment in Santa Clara County was 561,600, compared with 541,200 the previous September, according to the State Department of Employment Development.

The seasonally adjusted unemployment rate of 8% compared with a rate of 9.8% in September 1975. The unadjusted unemployment rate this September was 6.8%, a substantial drop from the 8.3% of September 1975.

The following tabulations summarize civilian labor force and employment data for the past five years, and present annual employment activity by industrial classification.



Public Safety Headquarters adjoining City Hall. Public Safety officers are trained and serve interchangeably in police and fire protection functions.

SANTA CLARA COUNTY**Civilian Labor Force, Employment, and Unemployment^① (In Thousands)**

	1971	1972	1973	1974	1975
Labor Force	465.0	505.0	544.0	561.0	578.0
Employment	432.0	465.0	513.0	528.0	525.0
Unemployment	34.0	40.0	31.0	33.0	53.0
Unemployment Rate	7.3%	7.9%	5.7%	5.9%	9.2%

① Based on residence.

Source: County Planning Department

SANTA CLARA COUNTY**Average Annual Employment^① (In Thousands)**

Industry	1971	1972	1973	1974	1975
Total Nonagricultural Wage and Salary Workers	378.9	405.0	442.3	469.6	469.1
Manufacturing	117.4	124.5	144.1	158.9	151.6
Durable Goods	92.8	99.9	118.5	132.6	126.1
Stone, Clay, Glass	2.7	2.8	2.8	3.1	2.9
Fabricated Metals	3.0	3.0	3.3	3.5	3.7
Nonelectrical Machinery	16.4	17.4	21.2	25.3	24.4
Ordnance	19.0	18.8	18.8	20.0	21.7
Electrical Equipment and Supplies	43.2	48.9	62.0	68.4	63.0
Instruments	2.3	2.5	3.3	3.7	3.6
Transportation Equipment	3.9	4.2	4.4	5.4	3.7
Other Durables	2.3	2.3	2.7	3.2	3.1
Nondurables	24.6	24.6	25.6	26.3	25.5
Food and Kindred Products	13.8	13.3	14.0	14.4	14.3
Canning and Preserving	8.8	8.4	9.0	9.4	9.3
Other Foods	5.0	4.9	5.0	5.0	5.0
Paper, Printing and Publishing	6.8	7.3	7.1	7.0	6.6
Other Nondurables	4.0	4.0	4.5	4.9	4.6
Nonmanufacturing	261.5	280.5	298.2	310.7	317.5
Mining	0.1	0.1	0.1	0.1	0.1
Construction	18.5	19.3	20.3	19.9	17.9
Transp. Comm. and Utilities	17.5	18.2	18.7	19.0	18.8
Trade	74.2	79.8	84.9	88.8	91.2
Wholesale	15.5	16.5	18.4	19.3	19.9
Retail	58.7	63.3	66.5	69.5	71.3
Finance, Insurance, Real Estate	14.0	15.8	17.1	17.9	18.2
Services	75.6	82.2	89.8	94.0	96.5
Government	61.6	65.1	67.3	71.0	74.8
Federal	9.4	9.5	9.3	9.4	9.4
State and Local	52.2	55.6	58.0	61.6	65.4
City	7.2	7.5	8.1	8.5	8.9
County	8.2	8.9	9.4	10.0	10.6
Other State Local	37.0	39.2	40.5	43.1	45.9
Agriculture	6.8	5.9	6.2	6.1	5.6

① Based on place of work.

Sources: County Planning Department and State Department of Employment Development.

Santa Clara County's 1,800 manufacturing plants represent slightly more than one-fourth of all industrial plants in the nine counties fronting on San Francisco Bay. However, these plants account for over 40 percent of all industrial workers and payrolls in the nine counties, as shown in the tabulation below.

The growth and nature of employment in Sunnyvale has tended to parallel that of Santa Clara County. As in the case of the county, manufacturing and services are major employment categories. Within the city there are over 200 manufacturing firms employing more than 30,000 persons. The leading manufacturing activities include electronics; electrical equipment; food processing; containers; and chemical, pharmaceutical, and paper products.

Lockheed Missiles and Space Company, the largest single employer in Santa Clara County, presently employs approximately 16,000 persons at its Sunnyvale facilities. The Lockheed complex represents a diversity of research and production facilities. The company has developed and is producing some of the nation's most vital systems for research and national defense—the Agena Satellite and the Polaris/Poseidon ballistic missiles. It is currently developing the Trident missile system as the successor to the Poseidon, and the SEASAT ocean survey satellite.

The Marine Division of Westinghouse Electric Corporation is Sunnyvale's second largest employer. The Division employs approximately 2,100 in fa-

cilities covering more than 1,300,000 square feet. These facilities serve commercial and military clientele as a complete production entity with capability ranging from the design to the complete manufacture of marine propulsion systems. Major commercial shipping firms which have installed the Division's propulsion systems include American President Lines, Prudential-Grace Lines, Pacific Far East Line, and Lykes Brothers. Marine propulsion systems manufactured by the Division are also used on United States Navy aircraft carriers, missile cruisers and destroyers, nuclear submarines and guided missile escort ships.

The Pacific Region Headquarters of Western Electric Company, Inc. is located in Sunnyvale. With a payroll of 1,900, the Sunnyvale facility serves as the company's administrative and engineering center for the western area. Complete engineering work is done for the manufacture and installation of telephone equipment for the American Telephone and Telegraph Company and subsidiaries: Pacific Telephone and Telegraph Co., Pacific Northwest Bell Telephone Co., Bell Telephone Company of Nevada, and the Longlines Department of the American Telephone and Telegraph Company.

Signetics Corporation, with worldwide employment of 5,600 and 1,900 at its Sunnyvale operations, produces integrated solid state microcircuits in local plants.

In recent years a growing number of firms engaged in scientific research and development, infor-

SAN FRANCISCO BAY COUNTIES

Manufacturing Employment

First Quarter 1975

County	Reporting Units	Quarterly Wages	No. Employees March 1975
Alameda	1,629	\$ 253,984,763	76,391
Contra Costa	419	87,967,719	25,444
Marin	204	7,784,800	3,143
Napa	86	12,979,377	4,469
San Francisco	1,373	157,992,933	47,008
San Mateo	795	95,439,838	29,699
SANTA CLARA	1,800	507,398,494	147,058
Solano	103	11,486,024	3,455
Sonoma	293	21,608,323	8,195
Totals	6,702	\$1,156,642,271	344,862

Source: "California Employment and Payrolls" State Department of Employment Development.

mation technology, electronic data processing, and the communications industries have located in Sunnyvale. Representative firms within these industries which maintain important operations in Sunnyvale include: Applied Technology, Inc., Division of Itek Corporation; Control Data Corporation; Chemical Systems Division of United Technologies, Inc.; Ampex Corporation; Nuclear Energy Division, General Electric Company; and ESL Incorporated, a producer of military electronics. A list of firms in Sunnyvale that have 100 or more employees appears on page 50.

It is anticipated that future industrial development in Sunnyvale will continue at a steady pace. Nearly 40 percent of the city's area is planned for industrial purposes. Within the city, suitable parcels of land for industrial purposes are available in a number of planned industrial parks, all of which are served by city water and sewer services, electrical and gas utilities, fire protection, and rail-highway facilities. There are 3,940 acres in the city limits zoned for all types of industry.

Major non-manufacturing employers in the city are Pacific Telephone Company, which employs 400 at its district communication headquarters, and the USAF Satellite Test and Tracking Center employing 300 at its National Satellite Control Center. Two major Federal installations in nearby Mountain View—NASA's Ames Research Center and the U.S. Naval Air Station at Moffett Field—maintain close ties with electronics and communications firms in Sunnyvale. Combined employment at these two Federal facilities is approximately 2,950 persons.

Industrial Parks

There are four major industrial parks or districts in the city. The most active and rapidly growing of these at present is Moffett Park occupying 600 acres north of State Highway 237. Originally established by Moffett Park Association in 1962, the industrial land was acquired in 1972 by Prudential Insurance Co., which added 53 acres to the original holdings. Prudential now has 450,000 square feet of buildings under construction. About 30 percent of this is manufacturing space; the balance is devoted to warehousing and research and development. Principal tenants are Lockheed, Atari, Northern Telecom, Intel, Design Optics, ESL, Control Data, and Stereo West.

General Electric Nuclear Research Center.



CITY OF SUNNYVALE

Industrial Parks/Districts

Name	Owner/Developer	Acreage	Year Established
Koll Business Park	Don Koll Co.	20	1976
Moffett Park	Prudential Insurance Co.	600	1962
Oakmead	Southern Pacific	350①	1956
Peery-Arrillaga	Peery and Arrillaga	250	1959

① 200 acres in Sunnyvale the balance is in the City of Santa Clara.

Source: City of Sunnyvale.

MAJOR EMPLOYERS IN SUNNYVALE

100 or More Employees

Company	Product/Service	No. of Employees
Addington Laboratories, Inc.	Electronic components, R & D	175
Advanced LSI Tech	Semiconductors	107
Advanced Memory Systems, Inc.	Semiconductor, memory systems	750
Advanced Micro Devices, Inc.	Integrated circuits	556
Aertech Industries	Microwave equipment	200
Alpha Beta Markets	Retail stores	100
Amdahl Corporation	Computers	650
Ampex Corporation	Electronics, videofile, recorders	475
Anderson Jacobson, Inc.	Electronics	184
Applied Technology, Div. Itek Corp.	Electronic, microwave systems	678
Atari Inc., Div. Warner Communications	Electronic games	800
Barnes-Hind Pharmaceuticals	Pharmaceuticals	214
Boise Cascade Container Corp.	Containers	114
California Canners and Growers	Food processing	150-1,500 ^①
California Microwave, Inc.	Telecommunications	300
Consolidated Video	Electronic equipment	105
Control Data	Electronics R & D	690
Cushman Electronics, Inc.	Testing instruments	200
Data Disc, Inc.	Computer peripheral equipment	165
Data General	Semiconductor mfg.	140
Data Pathing, Inc.	Electronic data collection equipment	272
Data Products	Computer memory systems	120
ESL Incorporated	Electronic R & D	1,000
Finnigan Corporation	Analytical instrumentation	278
Fremont Union High School District	Education	1,100
General Electric Co.	Aerospace	152
General Electric Co.	Nuclear energy div.	747
Hewlett-Packard	Instrumentation	533
Idylwood Convalescent Hospital	Nursing care	159
Illumination Industries, Inc.	Lamps, power supplies	103
Information Terminal	Mfg. cassettes	252
Intel Corp.	Electronics	230
International Video Corp.	Video tape recorders, TV cameras	700
Karex Inc.	Magnetic tape	102
Kirk Mayer Inc.	Engineering services	103
Libby-McNeil & Libby	Food canning	75-1,220 ^①
Lockheed Missiles and Space Co.	Aerospace, missiles	16,000
LSI Systems, Inc.	Electrical equipment	120
Mellonics Systems Development	Software programming	119
Monolithic Memories	Semiconductor memories	400
Moore Systems	Design, mfg. electronic systems	143
National Can Corp.	Containers	224
National Semiconductor	Semiconductors	363
Naval Plant Rep. Office	U.S. Navy	350
Pacific Telephone	Communications services	400
Ramtek Corporation	Electronics	275
SHM Nuclear Corp.	Linear accelerator mfg.	100
Signetics Corporation	Integrated circuits	1,900
Singer Precision	Electronics	412
Smith Kline Instruments	Medical instruments	140
Sperry Univac—ISS	Electronic components	579
Sunnyvale School District	Education	720
Sunnyvale, City of	Government	1,000 ^②
Svale Medical Clinic	Medical center	138
System Industries	Electronics	134
TRW Systems Group	Aerospace systems	169
Treasury (J.C. Penney Co.)	Computer mfg.	101
Trendata Corporation	Retailer	235
U.S. Air Force	Management division	110
United Technologies, Inc.	Missile, rocket R & D, mfg.	429
Velo-Bind Inc.	Bindings	116
Western Electric Co., Inc.	Telephone equipment	1,509
Western Microwave	Electronics	100
Westinghouse Electric Corp., Marine Division	Ship propulsion, missile launchers	2,094
Westab Inc.	Paper converters	108
Xidex Corporation	Microfilm mfg.	200

^① Seasonal.

^② Includes part-time employees.

Source: City of Sunnyvale.

Building Construction

During the ten years ending in 1976 the value of building construction in Sunnyvale amounted to \$441,134,798, or an average of more than \$44 million annually.

The following tabulation shows the number of building permits and valuation in the city for the last ten years.

Calendar Year	No. of Permits	Valuation
1967	1,512	\$36,544,235
1968	1,885	54,362,546
1969	1,594	37,602,527
1970	1,412	35,265,724
1971	1,700	30,641,306
1972	1,370	35,629,643
1973	1,632	50,424,016
1974	1,429	38,018,435
1975	1,755	54,473,854
1976	2,307	68,136,512

Source: City of Sunnyvale.

The tabulation immediately below presents a breakdown of permit values by types of construction for the 1972-1976 period. Industrial permit valuation in the city accelerated sharply in 1973, and has remained at high levels. Sunnyvale is one of the fastest growing home building areas within Santa Clara County, as reflected in the residential data, averaging more than \$21 million annually over the five years. Permit values in the 1976 calendar year were the highest in the city's history.

In recent years, a strong trend toward the development of multi-unit garden type apartments and condominiums has taken place. This is shown in the summary at the bottom of this page.

In the tabulation at the top of the following page is a listing of the largest building permits issued by the city during the January-September 1976 period.

Commercial Activity

Sunnyvale's central business district and outlying population center encompass a wide variety of commercial enterprises. During the period from 1971 through 1975, the number of sales outlets increased 568 to a total of 2,116 and total taxable transactions increased nearly 80 percent.

CITY OF SUNNYVALE

Building Permit Value

	1972	1973	1974	1975	1976
Residential	\$16,723,937	\$19,382,020	\$13,974,006	\$21,965,550	\$33,701,557
Commercial	6,848,917	5,956,229	4,742,003	4,810,052	3,869,376
Industrial	10,633,300	22,339,785	17,666,969	14,494,294	27,411,356
Public	532,164	1,368,209	256,687	11,123,422	1,769,275
All other	891,325	1,377,773	1,405,770	2,080,536	1,384,948
Total	\$35,629,643	\$50,424,016	\$38,018,435	\$54,473,854	\$68,136,512

Source: City of Sunnyvale.

CITY OF SUNNYVALE

New Residential Units

Type	1974	1975	1976
New single-family units	149	196	365
Value	\$4,934,000	\$ 8,629,000	\$19,471,661
New multi-family units	629	684	610
Value	\$7,570,000	\$10,020,000	\$11,392,064

Source: City of Sunnyvale.

CITY OF SUNNYVALE

Major Building Permits Issued During 1976

Type	Owner/Builder	Permit Value
Industrial	Geggatt Co.	\$ 600,000
Apartments (56)	H. J. White Inc.	918,720
Condominiums (100)	Alpha Land Co.	2,000,700
Industrial	Lockheed Aircraft Corp.	556,979
Office Buildings	Carl Holvick	1,104,000
Apartments (88)	Central Park Apartments	1,522,642
Industrial	L. E. Wentz Co.	990,000
Industrial	Prudential Insurance Co.	900,000
Industrial	Arrillaga and Peery	533,000
Stores	Self Service Furniture	500,000
Apartments (92)	Evelyn Gardens	1,553,719
Apartments (48)	Blackwell Homes	697,350
Industrial	Barnes Construction Co.	630,000
Tract Homes (21)	Sunnyview Dev. Inc.	826,989
Church	Carl Holvick	800,000
Industrial	Oakmead Inv.	500,000

Source: "California Construction Trends", Security Pacific Bank.

Twenty shopping areas make Sunnyvale a major retail trade center on the San Francisco Peninsula. Although retail sales still account for about 70 percent of total taxable transactions in the city, an increasing share is accounted for by non-retail outlets as Sunnyvale continues to industrialize. This is re-

flected in the accompanying summary of taxable transactions since 1971.

A breakdown of 1975 taxable transactions by type of business (the latest complete year) appears below.

CITY OF SUNNYVALE

Taxable Transactions by Type of Outlet 1975

Business	Permits	Taxable Transactions
Apparel stores	36	\$ 5,580
General merchandise	16	10,431
Drug stores	18	5,969
Food stores	51	16,676
Packaged liquor stores	26	6,901
Eating and drinking places	181	30,048
Home furnishings, appliances	36	2,928
Building materials, farm implements	22	22,014
Auto dealers, auto supplies	48	81,400
Service stations	81	25,388
Other retail stores	149	28,831
Retail stores totals	664	236,166
All other outlets	1,452	100,226
Totals all outlets	2,116	\$336,392

Source: State Board of Equalization.

CITY OF SUNNYVALE

Taxable Transactions 1971-76

Year	Retail Sales		Total Sales	
	Permits	Transactions	Permits	Transactions
1971	561	\$140,118,000	1,548	\$187,062,000
1972 ^①	606	170,128,000	1,720	226,592,000
1973	611	199,535,000	1,814	277,284,000
1974	624	212,773,000	1,968	322,272,000
1975	664	236,166,000	2,116	336,392,000
1976 (6 mos.)	677	126,071,000	2,235	184,535,000

① Gasoline for highway use became taxable July 1, 1972.

Source: State Board of Equalization.

Transportation

Convenient freeway, railroad, air, and seaport facilities of the San Francisco Bay Area provide Sunnyvale's industries with ready access to regional, national, and international markets.

U.S. 101, a major north-south highway between San Francisco and Los Angeles, traverses the northern part of the city. This route provides access to the deep sea ports at San Francisco and Redwood City as well as the air passenger and cargo facilities of San Francisco International and San Jose Municipal Airports. Interstate 280 (Junipero Serra Freeway) traverses the southern limits of the city, providing an alternate link between San Francisco and San Jose. Joining these two freeways is State Highway 85 (Stevens Creek Freeway).

State Highway 82 (El Camino Real) provides additional north-south traffic circulation. State Highway 237 connects the city with Interstate Highway 680 and State Highway 17, the principal routes which provide access to the Port of Oakland, Oakland International Airport, and distribution facilities of the East Bay. The city is also ringed and crossed by expressways to expedite intracity and intracounty movement to and from its industrial and other employment centers.

Rail facilities of Southern Pacific serve the city's major industrial parks and manufacturing centers. In addition, the city is served by 65 common motor carriers which are capable of providing overnight delivery to Los Angeles and second morning's delivery to San Diego, points in the Pacific Northwest, and as far east as Salt Lake City.

Local bus transportation is provided by the Santa Clara County Transit System. Greyhound Bus Lines maintains a local passenger and parcel terminal.

Education

The Sunnyvale Elementary School District (grades K-8) operates 16 schools in the city. Current enrollment of approximately 7,750 is projected to decline slightly over the next few years, based on studies and forecasts by the school district. A sharp upsurge in enrollment in the 1950's and 1960's has abated. The Cupertino Union Elementary School District also operates nine elementary schools in Sunnyvale.

Public instruction in the secondary grades is provided by the Fremont Union High School District, which operates seven high schools. Of these, two regular high schools and a continuation school are located in the city. Current enrollment in the entire district has leveled off at about 14,000 students. Sunnyvale students account for nearly 50 percent of this total. School district enrollments are shown on the next page.

Community two-year colleges in the area, with 1975 enrollments in parentheses, include Foothill College (14,211) in Los Altos Hills, DeAnza College (19,757) in Cupertino, San Jose City College (14,233), and West Valley College (21,152), with campuses at Campbell and Saratoga. A third campus (Mission) is now under construction north of U.S. 101, immediately east of the Sunnyvale city limits.

Superior educational and research facilities of the San Francisco Bay Area are available to Sunnyvale

PUBLIC SCHOOL DISTRICTS SERVING SUNNYVALE

District	Grades	Enrollment ^①			
		1973	1974	1975	1976
Sunnyvale Elementary	K-8	9,168	8,679	8,273	7,751
Cupertino Union Elementary	K-8	22,276	21,568	20,758	19,712
Fremont Union High	9-12	13,635	13,644	13,894	13,924

① End of sixth school month.

Source: County Planning Department.

residents. At neighboring Palo Alto is Stanford University, one of the nation's foremost centers of engineering research and education in the fields of electronics, atomic energy, and medicine.

The oldest public higher education institution in the State of California is located a few miles southeast of Sunnyvale. San Jose State University, au-

thorized by the State Legislature in 1862, offers a wide variety of undergraduate and graduate level courses. The faculty includes more than 1,000 educators, and student enrollment exceeds 27,000.

The University of Santa Clara, a Jesuit school with an enrollment of more than 7,000, is California's oldest private institution of higher learning. Located

Example of recent apartment construction in Sunnyvale.





Clubhouse at Sunnyvale Municipal Golf Course.

adjacent to Sunnyvale in Santa Clara, the University offers a wide variety of undergraduate courses through a faculty of over 200.

Other nationally known institutions of higher education accessible to Sunnyvale include the University of California at Berkeley, University of California at Santa Cruz, University of San Francisco, State Universities at Hayward and San Francisco, Mills College, and St. Mary's College.

Financial Institutions

The city is served by sixteen offices of eight banks as follows: Bank of America NT & SA (5), California First Bank, Crocker National Bank (3), Wells Fargo Bank (2), Bank of California, United California Bank, First National Bank of San Jose (3), and Security Pacific National Bank.

Additional financial services are provided by the following savings and loan associations: American, Brentwood, Coast Federal, El Camino, West Coast Federal, and World.

Utilities

Electricity, natural gas, and telephone service are provided by Pacific Gas and Electric Company and Pacific Telephone Company. The water supply comes from local wells, the Hetch Hetchy system of the City and County of San Francisco, and the Santa Clara Valley Water District. The city provides sewer service.

The city's water pollution control plant is currently being up-graded to handle tertiary treatment of wastes, under a \$13 million program expected to be completed in January 1978. The city is also initiating

a source control program to monitor control of wastes.

Community Services and Facilities

Sunnyvale's \$4 million Community Center was completed in 1973. Located on a 20.5 acre site with parking for 381 cars, the Center has four buildings housing a creative arts activity, a performing arts center, an indoor sports facility, and a general recreation center. The city's Resource Allocation Plan (Budget) calls for the addition of an arboretum to the Community Center, with construction expected to start in 1977.

The El Camino Hospital District serves the greater part of Sunnyvale. Its 464-bed, acute-general care hospital, with 536 affiliated doctors and 1,000 employees, is located in Mountain View. Also adjacent to the city is the Kaiser Foundation Medical Center, with 318 beds.

The city's unique Public Safety Department is one of the few in the country whose officers are trained to serve as firemen and policemen. Considerable economies in manpower, equipment, and facilities are effected through the combination of fire and police services. A new communications center, complete with computerized information systems, makes possible coordinated rapid response to fire and police emergencies. The department's facilities include a headquarters building and six fire stations. For fire insurance rating purposes, the city has a Class 3 rating.

Sunnyvale's park and recreation facilities are exceptional. There are 764 acres of parks in the city. Extensive development of park areas has been made possible from the expenditure of over \$4.5 million in bond funds approved by the electorate. Existing facilities include an 18-hole municipal golf course, one 9-hole public course, 15 major neighborhood parks, nine teen centers, four swim centers, and a 10-court tennis center. The city has a 250-acre park in the nearby Santa Cruz Mountains. Another 400 acres, currently undeveloped, has been designated as a future Baylands Regional Park. Initial development is expected in 1977.

The city has started development of Northside Center, a community project designed to serve residents of the northern part of the city. To be located here will be a branch library, a public safety resource office, and a recreation facility.

An addition to the main city library in 1971 has doubled its capacity. The existing collection approximates 200,000 and annual circulation exceeds 700,000. The library's collection is complemented through cooperative arrangements with the public libraries in the neighboring cities of Mountain View, San Jose, Santa Clara and the county. A U.S. Patent Library is maintained, the only one outside of Washington, D.C. The library's book inventory and patron registration system is handled completely by computers in order to provide a full on-line circulation and inventory control system.

APPENDIX I

Supplemental Estimates by the City of Sunnyvale and the
Redevelopment Agency of the City of Sunnyvale

Assessed Valuations, Tax Revenues and other Revenue Sources

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REPORT TO MAYOR AND COUNCIL

TO THE HONORABLE MAYOR AND COUNCIL

March 29, 1977

SUBJECT: Advances (Lease Payments) That May Be Required by the Redevelopment Agency of the City of Sunnyvale

This estimate of advances that may be required to be made by the City of Sunnyvale to the Agency supersedes all other such estimates previously made on this subject. This estimate was made for the purpose of determining the financial feasibility of the Sunnyvale Central Core Redevelopment Project. Based on the assumptions, which assumptions are explained later in this report, used to prepare this estimate, the total advances required are as follows:

Inflation Factors	Aggregate Advance	Exhibit	Year of First Advance	Year Advance Fully Repaid
Optimum	\$ 355,742	C-1	1981-82	1983-84
Probable	881,821	C-2	1981-82	1985-86
Moderate	1,342,015	C-3	1980-81	1986-87

The assumptions used in preparing the estimate are as follows:

1. **Economic Outlook**

The economy, as we know it today, will remain the same or improve over the next eight years.

2. **The Project**

The principals involved in the private sector development are dedicated to a successful project.

3. **Inflation Factors**

Three sets of inflation factors were assumed as follows:

Year	Inflation Factor		
	Optimum	Probable	Moderate
1977-78	112.0	111.1	111.1
1978-79	112.0	110.0	110.1
1979-80	112.0	110.0	109.1
1980-81	112.0	110.0	108.1
1981-82	112.0	110.0	108.1
1982-83	112.0	110.0	108.1
1983-84	112.0	110.0	108.1
1984-85	112.0	110.0	108.1

4. Tax Rates (Per \$100 A.V.)

The tax rates were assumed to remain constant for the eight year period covered by the estimate, except for the Parking District. The Parking District tax is estimated to decline from \$6.75 in 1976-77 to \$2.227 in 1978-79. The tax rates require separate assessed valuation considerations of which there are three as follows:

Tax Rate	Applicable Assessed Valuation
\$10.638	All property within the project area
.135	Land and improvements property only within the project area
2.227	Land and improvements property only in the Parking District

5. Minimum Assessed Valuation

One function performed by the Agency is to acquire property for the purposes of assembling the developer parcel and property to remain in permanent public facilities. The property is taken off the tax roll when it is acquired by the Agency, resulting in a decline in assessed valuation. The estimated assessed valuation of property to be acquired plus the decline in the 1976-77 valuation is \$2,575,915. This amount is used to obtain the lowest valuation to be expected (prior to new development) as follows:

Tax Rate	Minimum Assessed Valuation	Exhibit
\$10.638	\$6,994,315	A-2
.135	5,787,471	A-3
2.227	1,233,969	A-4

The three sets of inflation factors are applied to the minimum assessed valuations as shown on Exhibits B-1, B-2, and B-3.

6. Project Assessed Valuation

One of the aims of the project is to replace deteriorating property values with considerably more property value. Exhibit A-1 shows the values the Sunnyvale TownCenter is expected to contribute to the project area. The amount of \$14,699,000 is based on independent assessments by an appraiser for the developer and an appraiser for the Agency which estimates were nearly identical. Both estimates have been reviewed and approved for use in the official statement by the financial consultant and special counsel of the Agency.

7. Other Assessed Valuation

A major bank has already acquired property within the project area. The \$500,000 valuation of this development is shown on Exhibits A-1, A-2, B-1, B-2, and B-3.

8. Adjusted Base Valuation

The Agency tax increment revenues are computed on the valuation in excess of each taxing jurisdiction's adjusted base valuation. The adjusted base valuation for the three tax rates used (comprising a number of various taxing jurisdictions) are as follows:

Tax Rate	Frozen Assessed Valuation	Less Valuation Permanent Public Facilities	Adjusted Base Valuation	Exhibit
\$10.638	\$9,570,230	\$795,500	\$8,774,730	A-2
.135	7,630,048	634,228	6,995,820	A-3
2.227	4,118,718	634,228	3,484,490	A-4

9. Property to Remain in Permanent Public Facilities

The Agency will acquire property that will remain in permanent public facilities, such as, parking structure land, streets, and sidewalks. It is permitted to deduct such value from the frozen assessed valuation as shown in Number 8, above. The amount of \$795,500 (Exhibit A-2) is estimated to be the value of all property permanently off the tax roll and the amount of \$634,228 (Exhibit A-3 and A-4) is computed by multiplying \$795,500 by the ratio that the land and improvements valuation bears to the entire valuation (\$7,630,048/\$9,570,230, Exhibit A-2).

10. Parking District Payment (Exhibit D)

The Agency will furnish funds to provide for redemption or retirement of the existing Parking District bonds with a portion of the proceeds of the Series B Parking Lease Revenue Bonds expected to be issued within the next twenty-four months. It is assumed that the Parking District will not directly pay any debt service commencing fiscal year 1978-79. All excess funds in the Parking District will be paid to the Agency, which in effect has taken over the Parking District debt service.

11. Developer Lease Payment

The Developer is obligated to pay the Agency \$298,000 per year for lease rental of the parking structure. The Developer is permitted a credit against this amount for any taxes paid. The Santa Clara County Assessor's Office has stated that it will tax the parking structure on the basis of its cost. Although the appropriate cost of the land cannot be stated at this time, applying a cost value proportionate to the agreed sales price set for the developer's parcel would result in the figure shown below and the cost of construction is based on the developer's guaranteed maximum bid.

Cost of Construction	\$6,523,525
Market Value of Land	1,696,700
Total	<u>\$8,220,225</u>
Tax @ 3%	\$247,000
Required Payment	<u>298,000</u>
Net Direct Payment Required	<u>\$ 51,000</u>

The estimate on Exhibits C-1, C-2 and C-3 assumes a net developer lease payment as follows:

Fiscal Year	Net Payment
1977-78	—
1978-79	—
1979-80	\$25,000
1980-81	50,000
1981-82	45,000
1982-83	40,000
1983-84	35,000
1984-85	30,000

It is assumed that as taxes rise, the developer will pay more in taxes and less in direct payments. The Agency will receive such taxes to the extent that they represent tax increment revenues.

12. Other Development

The estimate considers only the Sunnyvale TownCenter Project and the regional banking office as new developments. A project of this type will stimulate other development, but for conservative reasons none was considered in the estimate.

13. Sales Tax Increment

The estimate does not include an allowance for increased sales tax revenue. The potential sales tax increment is estimated to be as follows:

Gross Leasable Area (excluding third major department store)	570,000 square feet
Annual Retail Sales @ \$85.00 Per Square Foot	\$48,450,000
City Sales Tax Revenue @ \$.0091	440,000
Less Estimated Sales Tax Attributable to Existing Retail Stores	122,000
Estimated Annual Sales Tax Increment	<u>\$ 318,000</u>

The above does not include the third major department store. This store, at 95,000 square feet, at \$85.00 sales tax per square foot, would generate about \$73,000 additional sales tax.

When probable inflation factors are applied to the sales tax increment of \$318,000, the value of the sales tax increment in 1980-81 becomes as follows:

Year	Sales Tax Increment	Probable Inflation Factor
1976-77	\$318,000	—
1977-78	—	111.1%
1978-79	—	110.0
1979-80	(Stores open October 1979)	110.0
1980-81	\$470,000	110.0

The developer intends to vigorously seek a tenant for the third major store. It can reasonably be expected that a tenant will be found before the center opens in 1979-80.

Prepared by: /s/ E. O. COLI
Director of Finance

/s/ LEE S. AYRES
City Manager

Attachments:

Exhibit	Title
A-1	Estimated Incremental Assessed Valuation
A-2	Computation of Base Year Valuation (\$10.638 Rate)
A-3	Computation of Base Year Valuation (\$0.135 Rate)
A-4	Computation of Base Year Valuation (\$2.227 Rate)
B-1	Estimated Tax Increment Revenues (\$10.638 Rate)
B-2	Estimated Tax Increment Revenues (\$0.135 Rate)
B-3	Estimated Tax Increment Revenues (\$2.227 Rate)
C-1	Estimated Advances Required from City (Optimum Inflation Factors)
C-2	Estimated Advances Required from City (Probable Inflation Factors)
C-3	Estimated Advances Required from City (Moderate Inflation Factors)
D	Parking District Estimated Payment to Redevelopment Agency

REDEVELOPMENT AGENCY OF THE CITY OF SUNNYVALE
ESTIMATED INCREMENTAL ASSESSED VALUATION
Per Official Statement

	1976-77	1977-78	1978-79	1979-80	1980-81
Frozen base assessed valuation 1975-76	\$9,570,230	\$9,570,230	\$9,570,230	\$ 9,570,230	\$ 9,570,230
Less assessed valuation of acquired property and decline in 1976-77 valuation	<u>(2,575,915)</u>	<u>(2,575,915)</u>	<u>(2,575,915)</u>	<u>(2,575,915)</u>	<u>(2,575,915)</u>
Estimated assessed valuation of project area less primary clearance area	6,994,315	6,994,315	6,994,315	6,994,315	6,994,315
Regional banking office	—	—	500,000	500,000	500,000
Sunnyvale TownCenter	—	—	1,375,000	3,625,000	14,699,000
Total	<u>\$6,994,315</u>	<u>\$6,994,315</u>	<u>\$8,869,315</u>	<u>\$11,119,315</u>	<u>\$22,193,315</u>
Deduct adjusted base-year assessed valuation					(8,774,730)
Incremental assessed valuation per Official Statement					<u>\$13,418,585</u>

Notes:

1. The year-by-year display is shown to demonstrate the estimated loss and rise in valuation. The Official Statement shows only the 1980-81 figures.
2. This statement does not show any property, development or redevelopment, outside the primary clearance area, except for the regional banking office.

REDEVELOPMENT AGENCY OF THE CITY OF SUNNYVALE

COMPUTATION OF BASE-YEAR ASSESSED VALUATION

Property Subject to Rate of \$10.638

All Property—Total Project Area

Tax Code Area	1975-1976 ACTUAL					1976-1977 ACTUAL				
	Land	Improvements	Sub-Total	Personal Property	Total	Land	Improvements	Sub-Total	Property Personal	Total
9-091	\$ —	\$ 1,080	\$ 1,080	\$ 1,850	\$ 2,930	\$ —	\$ 1,070	\$ 1,070	\$ 3,180	\$ 4,250
9-121	114,820	315,940	430,760	279,944	710,704	114,990	381,725	496,715	311,470	808,185
9-168	1,422,749	2,087,501	3,510,250	664,152	4,174,402	1,872,054	2,680,378	4,552,432	275,855	4,828,287
9-169	<u>1,437,543</u>	<u>2,250,415</u>	<u>3,687,958</u>	<u>994,236</u>	<u>4,682,194</u>	<u>1,261,342</u>	<u>2,051,827</u>	<u>3,313,169</u>	<u>251,764</u>	<u>3,564,933</u>
Total	<u>\$2,975,112</u>	<u>\$4,654,936</u>	<u>\$7,630,048</u>	<u>\$ 1,940,182</u>	<u>\$ 9,570,230</u>	<u>\$3,248,386</u>	<u>\$5,115,000</u>	<u>\$8,363,386</u>	<u>\$842,269</u>	<u>\$9,205,655</u>
Computation of Estimated Incremental Assessed Valuation as of 1980-81:										
Assessed Valuation of Project Area (1975-76 is the Frozen Base)					\$ 9,570,230					
Deduct: Assessed Valuation of Acquired Property and Decline in 1976-77 Valuation					(2,575,915)					
Estimated Assessed Valuation of Project Area Less Primary Clearance Area ...					6,994,315					
Add: Sunnyvale TownCenter (at Completion Regional Banking Office (at Completion)					14,699,000 500,000					
Sub-Total					22,193,315					
Deduct Adjusted Base—Year Valuation:										
Total Project Assessed Valuation				\$(9,570,230)						
Less Estimated Portion of Acquired Property to Remain as Public Facilities ...				<u>795,500</u>	<u>(8,774,730)</u>					
Estimated Incremental Assessed Valuation 1980-81					\$13,418,585					

I-7

**REDEVELOPMENT AGENCY OF THE CITY OF SUNNYVALE
COMPUTATION OF BASE-YEAR ASSESSED VALUATION**

Property Subject to Rate of \$0.135

Land and Improvements Only—Total Project Area

Tax Code Area	1975-1976 ACTUAL			1976-1977 ACTUAL		
	Land	Improvements	Total	Land	Improvements	Total
9-091	\$ —	\$ 1,080	\$ 1,080	\$ —	\$ 1,070	\$ 1,070
9-121	114,820	315,940	430,760	114,990	381,725	496,715
9-168	1,422,749	2,087,501	3,510,250	1,872,054	2,680,378	4,552,432
9-169	1,437,543	2,250,415	3,687,958	1,261,342	2,051,827	3,313,169
Total	<u>\$2,975,112</u>	<u>\$4,654,936</u>	<u>\$7,630,048</u>	<u>\$3,248,386</u>	<u>\$5,115,000</u>	<u>\$8,363,386</u>
Land and Improvements as Above			\$7,630,048			\$8,363,386
Deduct Assessed Valuation of Acquired Property and Decline in 1976-77 Valuation						(2,575,915)
Estimated Assessed Valuation of Project Area Less Primary Clearance Area (Land and Improvements Only)						<u>\$5,787,471</u>
Deduct Portion of Acquired Property to Remain in Permanent Public Facilities—Land and Improvements Only			(634,228)			
Adjusted Base-Year Valuation			<u>\$6,995,820</u>			

8-1

**REDEVELOPMENT AGENCY OF THE CITY OF SUNNYVALE
COMPUTATION OF BASE-YEAR ASSESSED VALUATION**

Property Subject to Rate of \$2.227

Land and Improvements Only—Parking District Area Within Project Area

Tax Code Area	1975-1976 ACTUAL			1976-1977 ACTUAL		
	Land	Improvements	Total	Land	Improvements	Total
9-121	\$ 114,820	\$ 315,940	\$ 430,760	\$ 114,990	\$ 381,725	\$ 496,715
9-169	1,437,543	2,250,415	3,687,958	1,261,342	2,051,827	3,313,169
Total	<u>\$1,552,363</u>	<u>\$2,566,355</u>	<u>\$4,118,718</u>	<u>\$1,376,332</u>	<u>\$2,433,552</u>	<u>\$3,809,884</u>
Land and Improvements as Above			\$4,118,718			\$3,809,884
Deduct Assessed Valuation of Acquired Property and Decline in 1976-77 Valuation						(2,575,915)
Estimated Assessed Valuation of that Portion of the Parking District Within the Project Area						<u>\$1,233,969</u>
Deduct Portion of Acquired Property to Remain in Permanent Public Facilities			(634,228)			
Estimated Adjusted Base-Year Valuation for Portion of Park- ing District Within Project Area			<u>\$3,484,490</u>			

REDEVELOPMENT AGENCY OF THE CITY OF SUNNYVALE—ESTIMATED TAX INCREMENT REVENUES

Property Subject to Rate of \$10.638—All Property—Total Project Area

	1976-77	1977-78	1978-79	1979-80	1980-81	1981-82	1982-83	1983-84	1984-85	Total
OPTIMUM INFLATION FACTORS										
Inflation Factors	—	112.0%	112.0%	112.0%	112.0%	112.0%	112.0%	112.0%	112.0%	
Estimated Assessed Valuation of Project Area Less Primary Clearance Area ...	<u>\$6,994,315</u>	\$ 7,833,633	\$ 8,773,669	\$ 9,826,509	\$11,005,690	\$12,326,373	\$13,805,538	\$15,462,203	\$17,317,667	\$ 96,351,282
Regional Banking Office	—	—	500,000	560,000	627,200	702,464	786,760	881,171	986,912	5,044,507
Sunnyvale TownCenter	—	—	1,375,000	3,625,000	14,699,000	16,462,880	18,438,426	20,651,037	23,129,161	98,380,504
Total		<u>7,833,633</u>	<u>10,648,669</u>	<u>14,011,509</u>	<u>26,331,890</u>	<u>29,491,717</u>	<u>33,030,724</u>	<u>36,994,411</u>	<u>41,433,740</u>	<u>199,776,293</u>
Deduct Adjusted Base-Year Assessed Valuation		<u>8,774,730</u>	<u>8,774,730</u>	<u>8,774,730</u>	<u>8,774,730</u>	<u>8,774,730</u>	<u>8,774,730</u>	<u>8,774,730</u>	<u>8,774,730</u>	<u>70,197,840</u>
Estimated Incremental Valuation		<u>\$ (941,097)</u>	<u>\$ 1,873,939</u>	<u>\$ 5,236,779</u>	<u>\$ 17,557,160</u>	<u>\$ 20,716,987</u>	<u>\$ 24,255,994</u>	<u>\$ 28,219,681</u>	<u>\$ 32,659,010</u>	<u>\$ 129,578,453</u>
Tax Increment Revenue @ \$10.638		<u>\$ —</u>	<u>\$ 199,350</u>	<u>\$ 557,089</u>	<u>\$ 1,867,731</u>	<u>\$ 2,203,873</u>	<u>\$ 2,580,353</u>	<u>\$ 3,002,010</u>	<u>\$ 3,474,265</u>	<u>\$ 13,884,671</u>
PROBABLE INFLATION FACTORS										
Inflation Factors		111.1%	110.0%	110.0%	110.0%	110.0%	110.0%	110.0%	110.0%	110.0%
Estimated Assessed Valuation of Project Area Less Primary Clearance Area ...	<u>\$6,994,315</u>	\$ 7,770,684	\$ 8,547,752	\$ 9,402,527	\$10,342,780	\$11,377,058	\$12,514,764	\$13,766,240	\$15,142,864	\$ 88,864,669
Regional Banking Office	—	—	500,000	550,000	605,000	665,500	732,050	805,255	885,781	4,743,586
Sunnyvale TownCenter	—	—	1,375,000	3,625,000	14,699,000	16,168,900	17,785,790	19,564,369	21,520,806	94,738,865
Total		<u>7,770,684</u>	<u>10,422,752</u>	<u>13,577,527</u>	<u>25,646,780</u>	<u>28,211,458</u>	<u>31,032,604</u>	<u>34,135,864</u>	<u>37,549,451</u>	<u>188,347,120</u>
Deduct Adjusted Base-Year Assessed Valuation		<u>8,774,730</u>	<u>8,774,730</u>	<u>8,774,730</u>	<u>8,774,730</u>	<u>8,774,730</u>	<u>8,774,730</u>	<u>8,774,730</u>	<u>8,774,730</u>	<u>70,197,840</u>
Estimated Incremental Valuation		<u>\$(1,004,046)</u>	<u>\$ 1,648,022</u>	<u>\$ 4,802,797</u>	<u>\$ 16,872,050</u>	<u>\$ 19,436,728</u>	<u>\$ 22,257,874</u>	<u>\$ 25,361,134</u>	<u>\$ 28,774,721</u>	<u>\$ 118,149,280</u>
Tax Increment Revenue @ \$10.638		<u>\$ —</u>	<u>\$ 175,317</u>	<u>\$ 510,922</u>	<u>\$ 1,794,849</u>	<u>\$ 2,067,679</u>	<u>\$ 2,367,793</u>	<u>\$ 2,697,917</u>	<u>\$ 3,061,055</u>	<u>\$ 12,675,532</u>
MODERATE INFLATION FACTORS										
Inflation Factors		111.1%	110.1%	109.1%	108.1%	108.1%	108.1%	108.1%	108.1%	
Estimated Assessed Valuation of Project Area Less Primary Clearance Area ...	<u>\$6,994,315</u>	\$ 7,770,684	\$ 8,555,523	\$ 9,334,076	\$10,090,136	\$10,907,437	\$11,790,939	\$12,746,005	\$13,778,431	\$ 84,973,231
Regional Banking Office	—	—	500,000	545,500	589,686	637,451	689,085	744,901	805,238	4,511,861
Sunnyvale TownCenter	—	—	1,375,000	3,625,000	14,699,000	15,889,619	17,176,678	18,567,989	20,071,996	91,405,282
Total		<u>7,770,684</u>	<u>10,430,523</u>	<u>13,504,576</u>	<u>25,378,822</u>	<u>27,434,507</u>	<u>29,656,702</u>	<u>32,058,895</u>	<u>34,655,665</u>	<u>180,890,374</u>
Deduct Adjusted Base-Year Assessed Valuation		<u>8,774,730</u>	<u>8,774,730</u>	<u>8,774,730</u>	<u>8,774,730</u>	<u>8,774,730</u>	<u>8,774,730</u>	<u>8,774,730</u>	<u>8,774,730</u>	<u>70,197,840</u>
Estimated Incremental Valuation		<u>\$(1,004,046)</u>	<u>\$ 1,655,793</u>	<u>\$ 4,729,846</u>	<u>\$ 16,604,092</u>	<u>\$ 18,659,777</u>	<u>\$ 20,881,972</u>	<u>\$ 23,284,165</u>	<u>\$ 25,880,935</u>	<u>\$ 110,692,534</u>
Tax Increment Revenue @ \$10.638		<u>\$ —</u>	<u>\$ 176,143</u>	<u>\$ 503,161</u>	<u>\$ 1,766,343</u>	<u>\$ 1,985,027</u>	<u>\$ 2,221,424</u>	<u>\$ 2,476,969</u>	<u>\$ 2,753,214</u>	<u>\$ 11,882,281</u>

REDEVELOPMENT AGENCY OF THE CITY OF SUNNYVALE—ESTIMATED TAX INCREMENT REVENUES

Property Subject to Rate of \$0.135—Land and Improvements Only—Total Project Area

	1976-77	1977-78	1978-79	1979-80	1980-81	1981-82	1982-83	1983-84	1984-85	Total
OPTIMUM INFLATION FACTORS										
Inflation Factors	—	112.0%	112.0%	112.0%	112.0%	112.0%	112.0%	112.0%	112.0%	
Estimated Assessed Valuation of Project Area Less Primary Clearance Area (Land and Improvements Only)	<u>\$5,787,471</u>	\$6,481,968	\$7,259,804	\$ 8,130,980	\$ 9,106,698	\$10,199,502	\$11,423,442	\$12,794,255	\$14,329,566	\$ 79,726,215
Regional Banking Office	—	—	500,000	560,000	627,200	702,464	786,760	881,171	986,912	5,044,507
Sunnyvale TownCenter	—	—	1,375,000	3,625,000	\$11,199,000	12,542,880	14,048,026	15,733,789	17,621,844	76,145,539
Total		6,481,968	9,134,804	12,315,980	20,932,898	23,444,846	26,258,228	29,409,215	32,938,322	160,916,261
Deduct Adjusted Base-Year Assessed Valuation		6,995,820	6,995,820	6,995,820	6,995,820	6,995,820	6,995,820	6,995,820	6,995,820	55,966,560
Estimated Incremental Valuation		<u>\$ (513,852)</u>	<u>\$2,138,984</u>	<u>\$ 5,320,160</u>	<u>\$13,937,078</u>	<u>\$16,449,026</u>	<u>\$19,262,408</u>	<u>\$22,413,395</u>	<u>\$25,942,502</u>	<u>\$104,949,701</u>
Tax Increment Revenue @ \$0.135		<u>\$ —</u>	<u>\$ 2,888</u>	<u>\$ 7,182</u>	<u>\$ 18,815</u>	<u>\$ 22,206</u>	<u>\$ 26,004</u>	<u>\$ 30,258</u>	<u>\$ 35,022</u>	<u>\$ 142,375</u>
PROBABLE INFLATION FACTORS										
Inflation Factors	—	111.1%	110.0%	110.0%	110.0%	110.0%	110.0%	110.0%	110.0%	
Estimated Assessed Valuation of Project Area Less Primary Clearance Area (Land and Improvements Only)	<u>\$5,787,471</u>	\$6,429,880	\$7,072,868	\$ 7,780,155	\$ 8,558,171	\$ 9,413,988	\$10,355,387	\$11,390,926	\$12,530,019	\$ 73,531,394
Regional Banking Office	—	—	500,000	550,000	605,000	665,500	732,050	805,255	885,781	4,743,586
Sunnyvale TownCenter	—	—	1,375,000	3,625,000	11,199,000	12,318,900	13,550,790	14,905,869	16,396,456	73,371,015
Total		6,429,880	8,947,868	11,955,155	20,362,171	22,398,388	24,638,227	27,102,050	29,812,256	151,645,995
Deduct Adjusted Base-Year Assessed Valuation		6,995,820	6,995,820	6,995,820	6,995,820	6,995,820	6,995,820	6,995,820	6,995,820	55,966,560
Estimated Incremental Valuation		<u>\$ (565,940)</u>	<u>\$1,952,048</u>	<u>\$ 4,959,335</u>	<u>\$13,366,351</u>	<u>\$15,402,568</u>	<u>\$17,642,407</u>	<u>\$20,106,230</u>	<u>\$22,816,436</u>	<u>\$ 95,679,435</u>
Tax Increment Revenue @ \$0.135		<u>\$ —</u>	<u>\$ 2,635</u>	<u>\$ 6,695</u>	<u>\$ 18,045</u>	<u>\$ 20,793</u>	<u>\$ 23,817</u>	<u>\$ 27,143</u>	<u>\$ 30,802</u>	<u>\$ 129,930</u>
MODERATE INFLATION FACTORS										
Inflation Factors	—	111.1%	110.1%	109.1%	108.1%	108.1%	108.1%	108.1%	108.1%	
Estimated Assessed Valuation of Project Area Less Primary Clearance Area (Land and Improvements Only)	<u>\$5,787,471</u>	\$6,429,880	\$7,079,298	\$ 7,723,514	\$ 8,349,119	\$ 9,025,398	\$ 9,756,455	\$10,546,728	\$11,401,013	\$ 70,311,405
Regional Banking Office	—	—	500,000	545,500	589,686	637,451	689,085	744,901	805,238	4,511,861
Sunnyvale TownCenter	—	—	1,375,000	3,625,000	11,199,000	12,106,119	13,086,715	14,146,739	15,292,625	70,831,198
Total		6,429,880	8,954,298	11,894,014	20,137,805	21,768,968	23,532,255	25,438,368	27,498,876	145,654,464
Deduct Adjusted Base-Year Valuation ..		6,995,820	6,995,820	6,995,820	6,995,820	6,995,820	6,995,820	6,995,820	6,995,820	55,966,560
Estimated Incremental Valuation		<u>\$ (565,940)</u>	<u>\$1,958,478</u>	<u>\$ 4,898,194</u>	<u>\$13,141,985</u>	<u>\$14,773,148</u>	<u>\$16,536,435</u>	<u>\$18,442,548</u>	<u>\$20,503,056</u>	<u>\$ 89,687,904</u>
Tax Increment Revenue @ \$0.135		<u>\$ —</u>	<u>\$ 2,644</u>	<u>\$ 6,613</u>	<u>\$ 17,742</u>	<u>\$ 19,944</u>	<u>\$ 22,324</u>	<u>\$ 24,897</u>	<u>\$ 27,679</u>	<u>\$ 121,843</u>

REDEVELOPMENT AGENCY OF THE CITY OF SUNNYVALE—ESTIMATED TAX INCREMENT REVENUES

Property Subject to Rate of \$2.227—Land and Improvements Only—Parking District Area Within Project Area

	1976-77	1977-78	1978-79	1979-80	1980-81	1981-82	1982-83	1983-84	1984-85	Total
OPTIMUM INFLATION FACTORS										
Inflation Factors	—	112.0%	112.0%	112.0%	112.0%	112.0%	112.0%	112.0%	112.0%	
Estimated Assessed Valuation of that Portion of the Parking District Within the Project Area (Land and Improvements Only)	<u>\$1,233,969</u>	\$ 1,382,045	\$1,547,890	\$1,733,637	\$ 1,941,673	\$ 2,174,674	\$ 2,435,635	\$ 2,727,911	\$ 3,055,260	\$16,998,725
Sunnyvale TownCenter		—	1,375,000	3,625,000	11,199,000	12,542,880	14,048,026	15,733,789	17,621,844	76,145,539
Total		1,382,045	2,922,890	5,358,637	13,140,673	14,717,554	16,483,661	18,461,700	20,677,104	93,144,264
Deduct Adjusted Base-Year Assessed Valuation		3,484,490	3,484,490	3,484,490	3,484,490	3,484,490	3,484,490	3,484,490	3,484,490	27,875,920
Estimated Incremental Valuation		<u>\$(2,102,445)</u>	<u>\$(561,600)</u>	<u>\$1,874,147</u>	<u>\$ 9,656,183</u>	<u>\$11,233,064</u>	<u>\$12,999,171</u>	<u>\$14,977,210</u>	<u>\$17,192,614</u>	<u>\$65,268,344</u>
Tax Increment Revenue @ \$2.227		<u>\$ —</u>	<u>\$ —</u>	<u>\$ 41,737</u>	<u>\$ 215,043</u>	<u>\$ 250,160</u>	<u>\$ 289,492</u>	<u>\$ 333,542</u>	<u>\$ 382,880</u>	<u>\$ 1,512,854</u>
PROBABLE INFLATION FACTORS										
Inflation Factors		111.1%	110.0%	110.0%	110.0%	110.0%	110.0%	110.0%	110.0%	
Estimated Assessed Valuation of that Portion of the Parking District Within the Project Area (Land and Improvements Only)	<u>\$1,233,969</u>	\$ 1,370,940	\$1,508,034	\$1,658,837	\$ 1,824,721	\$ 2,007,193	\$ 2,207,912	\$ 2,428,703	\$ 2,671,573	\$15,677,913
Sunnyvale TownCenter		—	1,375,000	3,625,000	11,199,000	12,318,900	13,550,790	14,905,869	16,396,456	73,371,015
Total		1,370,940	2,883,034	5,283,837	13,023,721	14,326,093	15,758,702	17,334,572	19,068,029	89,048,928
Deduct Adjusted Base-Year Assessed Valuation		3,484,490	3,484,490	3,484,490	3,484,490	3,484,490	3,484,490	3,484,490	3,484,490	27,875,920
Estimated Incremental Valuation		<u>\$(2,113,550)</u>	<u>\$(601,456)</u>	<u>\$1,799,347</u>	<u>\$ 9,539,231</u>	<u>\$10,841,603</u>	<u>\$12,274,212</u>	<u>\$13,850,082</u>	<u>\$15,583,539</u>	<u>\$61,173,008</u>
Tax Increment Revenue @ \$2.227		<u>\$ —</u>	<u>\$ —</u>	<u>\$ 40,071</u>	<u>\$ 212,439</u>	<u>\$ 241,442</u>	<u>\$ 273,347</u>	<u>\$ 308,441</u>	<u>\$ 347,045</u>	<u>\$ 1,422,785</u>
MODERATE INFLATION FACTORS										
Inflation Factors		111.1%	110.1%	109.1%	108.1%	108.1%	108.1%	108.1%	108.1%	
Estimated Assessed Valuation of that Portion of the Parking District Within the Project Area (Land and Improvements Only)	<u>\$1,233,969</u>	\$ 1,370,940	\$1,509,405	\$1,646,761	\$ 1,780,149	\$ 1,924,341	\$ 2,080,213	\$ 2,248,710	\$ 2,430,856	\$14,991,375
Sunnyvale TownCenter		—	1,375,000	3,625,000	11,199,000	12,106,119	13,086,715	14,146,739	15,292,625	70,831,198
Total		1,370,940	2,884,405	5,271,761	12,979,149	14,030,460	15,166,928	16,395,449	17,723,481	85,822,573
Deduct Adjusted Base-Year Assessed Valuation		3,484,490	3,484,490	3,484,490	3,484,490	3,484,490	3,484,490	3,484,490	3,484,490	27,875,920
Estimated Incremental Valuation		<u>\$(2,113,550)</u>	<u>\$(600,085)</u>	<u>\$1,787,271</u>	<u>\$ 9,494,659</u>	<u>\$10,545,970</u>	<u>\$11,682,438</u>	<u>\$12,910,959</u>	<u>\$14,238,991</u>	<u>\$57,946,653</u>
Tax Increment Revenue @ \$2.227		<u>\$ —</u>	<u>\$ —</u>	<u>\$ 39,803</u>	<u>\$ 211,446</u>	<u>\$ 234,859</u>	<u>\$ 260,168</u>	<u>\$ 287,527</u>	<u>\$ 317,102</u>	<u>\$ 1,350,905</u>

REDEVELOPMENT AGENCY OF THE CITY OF SUNNYVALE
ESTIMATED ADVANCES REQUIRED FROM THE CITY OF SUNNYVALE
OPTIMUM INFLATION FACTORS

	1977-78	1978-79	1979-80	1980-81	1981-82	1982-83	1983-84	1984-85	Total
Cash Balance—July 1	\$ —	\$ —	\$281,783	\$ 999,424	\$ 165,261	\$ —	\$ —	\$ 48,684	\$ 1,495,152
Add Estimated Revenue:									
Tax Increment Revenue Derived from Optimum Inflation Factors and Property Subject to Rate of:									
\$10.638	—	199,350	557,089	1,867,731	2,203,873	2,580,353	3,002,010	3,474,265	13,884,671
.135	—	2,888	7,182	18,815	22,206	26,004	30,258	35,022	142,375
2.227	—	—	41,737	215,043	250,160	289,492	333,542	382,880	1,512,854
Total Tax Increment Revenue	—	202,238	606,008	2,101,589	2,476,239	2,895,849	3,365,810	3,892,167	15,539,900
Parking District Payment	—	79,545	86,633	83,998	81,142	78,067	74,766	71,218	555,369
Developer Lease Payment	—	—	25,000	50,000	45,000	40,000	35,000	30,000	225,000
Advance Required from the City of Sunnyvale	—	—	—	—	301,608	54,134	—	—	355,742
Total Estimated Revenue	—	281,783	717,641	2,235,587	2,903,989	3,068,050	3,475,576	3,993,385	16,676,011
Total Available	—	281,783	999,424	3,235,011	3,069,250	3,068,050	3,475,576	4,042,069	18,171,163
Deduct Disbursements:									
Debt Service Payments (Three Issues)	—	—	—	3,069,750	3,069,250	3,068,050	3,071,150	3,068,200	15,346,400
Repayment to the City of Sunnyvale	—	—	—	—	—	—	355,742	—	355,742
Total Disbursements	—	—	—	3,069,750	3,069,250	3,068,050	3,426,892	3,068,200	15,702,142
Cash Balance, June 30	\$ —	\$281,783	\$999,424	\$ 165,261	\$ —	\$ —	\$ 48,684	\$ 973,869	\$ 2,469,021
Optimum Inflation Factors Used	—	112.0%	112.0%	112.0%	112.0%	112.0%	112.0%	112.0%	

REDEVELOPMENT AGENCY OF THE CITY OF SUNNYVALE
ESTIMATED ADVANCES REQUIRED FROM THE CITY OF SUNNYVALE
PROBABLE INFLATION FACTORS

	1977-78	1978-79	1979-80	1980-81	1981-82	1982-83	1983-84	1984-85	Total
Cash Balance—July 1	\$ —	\$ —	\$257,497	\$ 926,818	\$ 16,399	\$ —	\$ —	\$ —	\$ 1,200,714
Add Estimated Revenue:									
Tax Increment Revenue Derived from Probable Inflation Factors and Property Subject to Rate of:									
\$10.638	—	175,317	510,922	1,794,849	2,067,679	2,367,793	2,697,917	3,061,055	12,675,532
.135	—	2,635	6,695	18,045	20,793	23,817	27,143	30,802	129,930
2.227	—	—	40,071	212,439	241,442	273,347	308,441	347,045	1,422,785
Total Tax Increment Revenue	—	177,952	557,688	2,025,333	2,329,914	2,664,957	3,033,501	3,438,902	14,228,247
Parking District Payment	—	79,545	86,633	83,998	81,142	78,067	74,766	71,218	555,369
Developer Lease Payment	—	—	25,000	50,000	45,000	40,000	35,000	30,000	225,000
Advance Required from the City of Sunnyvale	—	—	—	—	596,795	285,026	—	—	881,821
Total Estimated Revenue	—	257,497	669,321	2,159,331	3,052,851	3,068,050	3,143,267	3,540,120	15,890,437
Total Available	—	257,497	926,818	3,086,149	3,069,250	3,068,050	3,143,267	3,540,120	17,091,151
Deduct Disbursements:									
Debt Service Payments (Three Issues)	—	—	—	3,069,750	3,069,250	3,068,050	3,071,150	3,068,200	15,346,400
Repayment to the City of Sunnyvale	—	—	—	—	—	—	72,117	471,920	544,037
Total Disbursements	—	—	—	3,069,750	3,069,250	3,068,050	3,143,267	3,540,120	15,890,437
Cash Balance, June 30	\$ —	\$257,497	\$926,818	\$ 16,399	\$ —	\$ —	\$ —	\$ —	\$ 1,200,714
Probable Inflation Factors Used	<u>111.1%</u>	<u>110.0%</u>	<u>110.0%</u>	<u>110.0%</u>	<u>110.0%</u>	<u>110.0%</u>	<u>110.0%</u>	<u>110.0%</u>	

REDEVELOPMENT AGENCY OF THE CITY OF SUNNYVALE
ESTIMATED ADVANCES REQUIRED FROM THE CITY OF SUNNYVALE
MODERATE INFLATION FACTORS

	1977-78	1978-79	1979-80	1980-81	1981-82	1982-83	1983-84	1984-85	Total
Cash Balance—July 1	\$ —	\$ —	\$258,332	\$ 919,542	\$ —	\$ —	\$ —	\$ —	\$ 1,177,874
Add Estimated Revenue:									
Tax Increment Revenue Derived from Moderate Inflation Factors and Property Subject to Rate of:									
\$10.638	—	176,143	503,161	1,766,343	1,985,027	2,221,424	2,476,969	2,753,214	11,882,281
.135	—	2,644	6,613	17,742	19,944	22,324	24,897	27,679	121,843
2.227	—	—	39,803	211,446	234,859	260,168	287,527	317,102	1,350,905
Total Tax Increment Revenue	—	178,787	549,577	1,995,531	2,239,830	2,503,916	2,789,393	3,097,995	13,355,029
Parking District Payment	—	79,545	86,633	83,998	81,142	78,067	74,766	71,218	555,369
Developer Lease Payment	—	—	25,000	50,000	45,000	40,000	35,000	30,000	225,000
Advance Required from the City of Sunnyvale	—	—	—	20,679	703,278	446,067	171,991	—	1,342,015
Total Estimated Revenue	—	258,332	661,210	2,150,208	3,069,250	3,068,050	3,071,150	3,199,213	15,477,413
Total Available	—	258,332	919,542	3,069,750	3,069,250	3,068,050	3,071,150	3,199,213	16,655,287
Deduct Disbursements:									
Debt Service Payments (Three Issues)	—	—	—	3,069,750	3,069,250	3,068,050	3,071,150	3,068,200	15,346,400
Repayment to the City of Sunnyvale	—	—	—	—	—	—	—	131,013	131,013
Total Disbursements	—	—	—	3,069,750	3,069,250	3,068,050	3,071,150	3,199,213	15,477,413
Cash Balance, June 30	\$ —	\$258,332	\$919,542	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,177,874
Moderate Inflation Factors Used	111.1%	110.1%	109.1%	108.1%	108.1%	108.1%	108.1%	108.1%	

PARKING DISTRICT
ESTIMATED PAYMENT TO REDEVELOPMENT AGENCY
PROBABLE INFLATION FACTORS

	Land	Improvements	Total									
Actual Assessed Valuations—1976/77:												
Tax Code Area 9-065:												
Local Secured	\$69,140	\$ 86,240	\$ 155,380									
State Board of Equalization (Utilities)	29,670	2,867,410	2,897,080									
Unsecured	—	184,140	184,140									
Total	<u>\$98,810</u>	<u>\$3,137,790</u>	<u>\$3,236,600</u>									
				1977-78	1978-79	1979-80	1980-81	1981-82	1982-83	1983-84	1984-85	Total
Inflation Factors on (A) Only				101.5%	101.5%	101.5%	101.5%	101.5%	101.5%	101.5%	101.5%	
(A) That Portion of the Parking District that is not in the Project Area (Land and Improvements Only) ..	<u>\$3,236,600</u>	\$3,285,149	\$3,334,426	\$3,384,442	\$3,435,209	\$3,486,737	\$3,539,038	\$3,592,124	\$3,646,006	\$27,703,131		
(B) That Portion of the Parking District in the Project Area (Land and Improvements Only) which is the Lower of the Estimated Assessed Value or the Adjusted Base-Year Value Using Probable Inflation Factors		<u>1,370,940</u>	<u>2,883,034</u>	<u>3,323,218</u>	<u>3,323,218</u>	<u>3,323,218</u>	<u>3,323,218</u>	<u>3,323,218</u>	<u>3,323,218</u>	<u>3,323,218</u>	<u>24,193,282</u>	
Taxable Assessed Valuation—Parking District	<u>\$4,656,089</u>	<u>\$6,217,460</u>	<u>\$6,707,660</u>	<u>\$6,758,427</u>	<u>\$6,809,955</u>	<u>\$6,862,256</u>	<u>\$6,915,342</u>	<u>\$6,969,224</u>	<u>\$51,896,413</u>			
Cash Balance, July 1	\$ 1,197	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,197		
Add Estimated Revenue:												
Tax @ \$6.75	314,286	—	—	—	—	—	—	—	—	—	314,286	
Tax @ \$2.227	—	138,463	149,380	150,510	151,658	152,822	154,005	155,205	1,052,043			
Total Estimated Revenue ..	<u>314,286</u>	<u>138,463</u>	<u>149,380</u>	<u>150,510</u>	<u>151,658</u>	<u>152,822</u>	<u>154,005</u>	<u>155,205</u>	<u>1,366,329</u>			
Total Available	<u>315,483</u>	<u>138,463</u>	<u>149,380</u>	<u>150,510</u>	<u>151,658</u>	<u>152,822</u>	<u>154,005</u>	<u>155,205</u>	<u>1,367,526</u>			
Deduct Disbursements:												
Debt Service	205,878	—	—	—	—	—	—	—	—	\$ 205,878		
Maintenance	99,641	53,562	57,043	60,465	64,105	67,959	72,035	76,352	551,162			
In Lieu Payment to City of Sunnyvale ..	9,964	5,356	5,704	6,047	6,411	6,796	7,204	7,635	55,117			
Payment to Redevelopment Agency ..	—	79,545	86,633	83,998	81,142	78,067	74,766	71,218	555,369			
Total Disbursements	<u>315,483</u>	<u>138,463</u>	<u>149,380</u>	<u>150,510</u>	<u>151,658</u>	<u>152,822</u>	<u>154,005</u>	<u>155,205</u>	<u>1,367,526</u>			
Cash Balance, June 30	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —		

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